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October, 1925

Congress and Cooperative Marketing

Cooperative Marketing at Home and Abroad

President Coolidge's Agricultural Policy

Articles by Secretary Jardine
and Secretary Hoover

Proposal to Create
A Federal Cooperative Marketing Board
Pro and Con Discussion

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Alice Gram Robinson, Editor and Publisher

Contents for October, 1925

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Editor's Note: Due to the additional debate material in this number, "The Review of Government Publications" was omitted. They will appear as usual in the November number, as will also "Recent Decisions of the Supreme Court of the United States." The Supreme Court reconvenes for the new October, 1925 term on Monday, October 5, 1925.

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Congress and Cooperative Marketing

COOPERATION must start from the soil. It must have its beginnings in small and modest units. It must train the people who are to use it to think cooperatively. That will be a process requiring time and attended with failures. As the people learn the lesson, their particular projects in cooperation will gain strength, will command increasing confidence, will expand the benefits of their members. The coordination of these local units will follow, bringing them at last with such a working articulation as experience shall prove practicable.—PRESIDENT COOLIDGE, ADDRESS OF JANUARY 5, 1925.

Rise of Cooperative Marketing in the United States

BY LLOYD S. TENNY

Assistant Chief, Bureau of Agricultural Economics, United States Department of Agriculture

THE U. S. Department of Agriculture has been for the past ten years gathering statistical and historical data relating to the cooperative movement. The first effort to make a nation-wide survey was started by the Bureau of Agricultural Economics of the Department of Agriculture in 1913 and continued through 1917, so that data were available at the end of this period covering the years from 1912 to 1915 inclusive. In this summary, reports were obtained from 5,424 organizations. Approximately 3,000 societies reported amount of business transacted which totalled \$310,000,000 or an average for each and every one of the societies reporting of something in excess of \$100,000. The interesting feature of this early survey was in the importance of the small local type of cooperative association. Approximately one-third of all the associations reporting consisted of the local farmers' elevators. Almost an equally large number consisted of local associations handling dairy products in one form or another. The amount of business handled cooperatively by the farmers of this country in 1915 in livestock, cotton and tobacco was almost negligible.

The second survey made of cooperative marketing throughout the country was undertaken in connection with the 1919 Census. Data were collected to show the number of farms in each State reporting sales or purchases on a cooperative basis, and the amount of business involved in these transactions. At this date we had a quarter of the farmers in California, North Dakota, Kansas, Iowa, Wisconsin and Michigan reporting purchases or sales through cooperative associations. Considerably more than one-fourth of all the farmers in Minnesota, South Dakota and Nebraska made similar reports. This census shows a relatively small interest in cooperative marketing in the New England States, the southern States and the mountain States. In volume of total cooperative sales by farmers, California led and reported a

total sales of \$1,300,000. Minnesota, with its cooperative elevators and creameries, came second of the States, reporting a total sales of \$827,000. Iowa, with its cooperative elevators was third with approximately \$600,000; and New York State with its rather diversified farming did a gross business of about \$450,000.

Beginning in 1922, the third survey of cooperative efforts on the part of the American farmer was undertaken by the Department of Agriculture. As a result of these studies, the Department's files contain records regarding over 10,000 active organizations. The outstanding feature of this study of the Department lies in the importance of the centralized and federated type of organization. The importance of these large centralized organizations can be better realized when it is appreciated that 50 of these newer and larger organizations have a membership that is larger than the total estimated membership of the 5,400 associations included in the 1915 study, and the amount of business handled annually by these large associations is greater than the total estimated amount of business for all the associations in 1915.

Successful cooperation among farmers is based upon an educated membership. The movement started very naturally, by groups of farmers here and there getting together to perform some function in connection with their agricultural program which they figured could be done better collectively than by each farmer working alone. Thus the whole cooperative plan started with the local community idea. As early as 1851 the farmers in Oneida County, New York, banded together to make and market cheese. A cooperative creamery was formed in Orange County, New York, in 1856, and in 1863 a farmers' creamery was started in Montgomery County, New York, that has functioned continuously since that date.

Attempts were made in the late sixties to organize

associations for the cooperative handling of grain. In 1867, a farmers' elevator was organized at Blairtown, Iowa. In the same year an association was formed among the fruit and vegetable growers of Hammondtown, New Jersey. This is reported to have operated for 21 years. All of these associations were attempts to serve merely the farmers of a small area, usually the community around a single shipping point. The membership was small in each organization.

Prior to 1895, the local was about the only type of farmers' cooperative marketing association to be found. Many of these associations were held together through adding the function of cooperative buying. Fertilizer, feeds, binder twine, building materials, fuel, and sometimes groceries and dry goods were bought for resale to the members of the association.

The federation came into existence about 1893. The first federation, as far as the records of the Department of Agriculture show, was the predecessor of the present-day California Fruit Growers' Exchange. Other California federations were early in this program of cooperative marketing. The California Fruit Exchange of Sacramento was organized in 1901; The Mutual Orange Distributors of Redlands, California, in 1906; in 1909, the Florida Citrus Exchange with headquarters at Tampa, Florida, was organized; in 1912, the California Walnut Growers; in 1913, the Wisconsin Cheese Producers' Federation; in 1918, the Michigan Potato Growers' Exchange, and thus on, including a relatively large number of associations of the federated type handling practically all types of agricultural products.

As far as the records of the Department of Agriculture show, the California Associated Raisin Company, now the Sun-Maid Raisin Growers, was the first of the regional or centralized associations. This organization was formed in 1912. It aimed to serve directly several thousand raisin growers scattered over a fairly large area without organizing the farmers into local operating communities. The packing house facilities needed were relatively large and extensive, and these were established and operated by the single central organization.

During the eight years from 1912 to 1920 less than ten of these central regional types of organization were formed. From 1920 on, the development of this type of organization has been rapid and includes today organizations handling cotton and tobacco, wheat and milk. Whereas the largest of the federations formed prior to 1920 did not boast a membership in excess of 15,000 farmers, the new central organization started off with memberships of thirty, forty, fifty and even sixty thousand. Within three years six big tobacco associations with a combined membership of nearly 250,000 were formed; thirteen cotton associations with 220,000 members began functioning; twelve wheat marketing associations with 38,000 members and a milk marketing associa-

tion with a membership of over 60,000 farmers were formed.

The Department of Agriculture is now receiving reports from 61 of these centralized associations. They have reported a combined membership of 784,000, which is 100,000 more than the membership of the 5,424 associations reporting to the Department in 1915. The following table, arranged by commodity groups, gives the membership totals for the different commodities as follows:

Commodity	No. of Assns.	No. of Members
Tobacco	7	292,809
Cotton	15	267,916
Grain	15	76,139
Dairy Products	1	65,000
Fruits and Vegetables.....	7	40,370
Nuts	4	17,263
Wool	7	15,154
Poultry Products	4	4,138
All Others	1	5,500
Total	61	784,289

Fourteen of the associations were in the eastern States, sixteen in the northern central States, seventeen in the south central States, and fourteen in the western States. It is thus seen that the movement for the larger centralized organization well covers the entire United States.

It is true that many attempts at cooperation on the part of farmers have failed. Whenever we have attempted in our studies to analyze the causes of failure, we have had no great difficulty in seeing that the underlying causes for the failure were not due primarily to the fact that it was a cooperative movement, but the same factors working in a privately owned organization would have brought about the same disastrous results. Many of the associations that were once organized and are not now functioning have given way in their localities to other, larger, and more substantial associations that have carried on the cooperative functions.

The business transacted by cooperative buying and selling organizations will reach, as conservatively estimated for 1925, the enormous sum of \$2,500,000,000, which represents approximately one-fifth of the total agricultural business of this country.

We are now at a point where the organization of new associations is not going forward especially rapidly. Possibly this is a good thing. Someone has said that the greatest thing that could happen in a beneficial way to the cooperative movement would be to make the existing associations effective and efficient,—in other words, make them successful. If we can all unite on this program of work and then see the new organizations develop where there is a decided need for them and on a basis that is sound and businesslike, there is nothing but encouragement for the whole cooperative movement, as we look into the future.—Extracts, see 2, p. 287.

The Cooperative Movement in Foreign Countries

By HUSTON THOMPSON
Chairman, The Federal Trade Commission

Extracts from a report by the Federal Trade Commission on Cooperation in Foreign Countries. The report is the result of an investigation in Europe during the summer of 1923 by Chairman Huston Thompson of the Commission, and Dr. William Notz, Chief of the Export Trade Division.

THE cooperative movement is of such magnitude and importance at the present time that it challenges attention. More than 285,000 organizations in all parts of the world are connected with it.

A cooperative society is a voluntary association of persons, with equal responsibilities and rights, organized for the purpose of carrying on a joint economic enterprise in accordance with economic principles. The laws of all

countries relative to cooperative organizations require that the object of a cooperative society must be commercial. Organizations exclusively for charitable purposes cannot be registered as cooperative societies. The commercial element is essential, and distinguishes cooperative societies from trade unions and friendly societies.

Numerous types are found, but on account of the variety of functions of some cooperative organizations, it is difficult to make an all-around satisfactory classification. Many cooperative societies fulfill two or more functions simultaneously. This report groups cooperative societies into three classes, viz, (1) consumers' cooperative societies, (2) agricultural cooperative societies, and (3) credit cooperative societies.

The functions of the consumers' cooperative, or as it is also known the distributive society, is to supply its members with unadulterated goods free from the middleman's profits. For this purpose consumers' societies operate retail stores, where members purchase their household supplies. The total number of cooperative consumers' societies throughout the world is in excess of 90,000, with about 40,000,000 individual members. Consumers' organizations in the United States number about 3,000, with a membership of about 775,000.

The cooperative agricultural societies obtain for the individual small farmer the benefits of large-scale organization, either through collective buying of farm supplies or through joint disposal of farm products. There are more than 80,000 cooperative farmers' societies with millions of members in the various countries of the world. Agricultural organizations of this class in the United States number about 15,000.

The function of the cooperative credit society is to promote thrift among its members by accumulating their savings and to make loans to them. It supplies its members with cheap credit facilities. The total number of cooperative credit societies in the world exceeds 105,000. Of these, about 536 are in the United States.

In some of the larger countries of Europe like the United Kingdom, Germany, and France, the consumers' cooperative societies rank among the largest producers and distributors of necessities of life. In England and Germany nearly half of the population is affiliated with the consumers' wholesale and retail societies. In Czechoslovakia it is estimated that about eight million people are directly interested in cooperative enterprises. The farmers of Finland owe their present economic prosperity primarily to cooperation.

In the new Baltic states the credit necessary for agricultural development was procured in the main through the agency of local cooperative credit societies. The flourishing butter, cheese, bacon and eggs export trade of Denmark and Holland rests on the farmers' cooperative societies in those countries. The work of Sir Horace Plunkett and of the Rev. T. A. Finlay in Ireland for the uplift of agriculture through cooperative methods have attracted wide attention. The web of cooperative societies which binds together the peasants of Russia proved the important factors which resisted complete economic disintegration in that vast country.

While all classes have shared in the advantages of cooperation in the various countries of Europe, it is mainly the urban wage earners' families and the middle classes generally as well as the population in the agricultural districts which have attached themselves to the cooperative movement.

An idea of the volume of business done by the coopera-

tive consumers' societies may be gained from the money value of the sales by retail societies in seventeen of the leading countries of Europe, which in 1914 amounted to \$761,429,996, while the sales of the wholesale societies in the same countries for the same year amounted to a total of \$312,790,674. Since that year the volume of goods handled by the same organizations has increased many times.

As an instance of the success of cooperative agriculture, the work of the cooperative agricultural movement in Ireland may be mentioned, with its total turnover of more than \$500,000,000 from 1889 to 1922, inclusive.

One of the features of the cooperative consumers' societies is the return of a greater part of the profits in the form of dividends to the members in proportion to their purchases.

A further feature of the cooperative system of distribution consists in the elimination of unnecessary middlemen's profits, the aim being to distribute goods as directly as possible from the producer to the ultimate consumer. Most retail societies are members of a cooperative wholesale and obtain their stock of supplies from the latter. Some retail societies and most wholesale societies manufacture a large part of the goods handled by them. Members of retail societies therefore practically obtain their goods at the cost of production plus a small charge for distribution.

The large volume of business done by the consumers' cooperative makes them a powerful and in some cases the dominant factor in the price market. Although they usually sell as a matter of cooperative policy, at prevailing market prices, they aim to keep prices down to a reasonably low level of profit. This is in accord with their self-interest as purchasers and ultimate consumers.

It is to their interest to follow the market up to a certain point, because they return the additional charge in the form of dividends, and at the same time avoid competition in price with the retailer. If, however, prices get too high, the consumers' cooperatives are likely not to follow the market for the reason that excessive prices will decrease the demand and reduce sales.

In this respect in some countries the policies observed by consumers' cooperative societies and by farmers' cooperative sales societies do not always harmonize. Not infrequently the interests of the one party, being primarily producers, tend towards high prices, whereas the interests of the other party, the consumers, call for lower prices. Conflicts along these lines have caused a number of large retail consumers' cooperative societies to establish milk distributing plants and dairies of their own in order to make themselves independent of milk producers' rings. The nearest approach to a working together of agricultural producer and agricultural producers' cooperatives, and city consumer and consumers' cooperatives has been reached in countries where agriculture produces for export. Under those conditions it has been found practical for agricultural cooperative societies to form export federations and sell their products to the wholesale importing societies of another country. Thus the Danish central export federations have for many years been regular suppliers of the English Wholesale Cooperative Society; and the German wholesale societies prior to the war imported butter from the cooperative export federations of Finland and Siberia. Considerable progress has also been made in Switzerland in establishing a closer working together of the consumers' societies and the agricul-

Continued on page 285

Federal Agencies Which Assist Cooperative Marketing Associations

THE Department of Agriculture is the only Federal agency having an administrative continuing relation with agricultural cooperation in this country. The Division of Agricultural Cooperation in the Bureau of Agricultural Economics of the Department of Agriculture is working directly with the cooperative associations. However, other divisions in the Bureau and other Bureaus of the Department do work which is directly of aid to the cooperative associations. The market news and inspection service, the administration of the Federal Warehouse Act, the crop reports and other services of the Bureau are available to cooperative associations and are used by them extensively.

The Federal Intermediate Credit Banks have loaned considerable sums to cooperative associations for marketing purposes largely on the security of warehouse receipts. The amount of such loans as of September 19, 1925, and the products on which such loans were made are as follows:

Tobacco	\$16,221,941.56
Wheat	1,873,874.25
Canned Fruits and Vegetables.....	2,069,490.20
Raisins	2,400,000.00
Olive Oil	20,193.00
Peanuts	147,626.28
Wool	1,818,445.94
Hay	75,000.00
Cotton	3,298,604.00
Total	\$27,925,175.23

The reports and bulletins of the Department of Commerce may be cited as being of assistance to cooperative associations, although, of course, they are compiled primarily for other purposes.

The Federal Trade Commission issued in 1924 a detailed report on the cooperative movement in foreign countries.

The Bureau of Agricultural Economics

Organization of the Bureau of Agricultural Economics in the U. S. Department of Agriculture

THE third year of operation of the Bureau of Agricultural Economics was completed June 30, 1925. This bureau was formed by the consolidation of the Bureau of Markets and Crop Estimates and the Office of Farm Management and Farm Economics.

The principal divisions of the Bureau of Agricultural Economics are as follows:

Administration—Thomas P. Cooper, Chief; Lloyd S. Tenny, Assistant Chief; Nils A. Olsen, Assistant Chief; J. Clyde Marquis, Director of Economic Information; C. W. Kitchen, Business Manager; F. J. Hughes, in charge of Personnel; H. F. Fitts, Administrative Assistant.

Production Divisions—The Division of Farm Management and Costs, M. L. Wilson, in charge; The Division of Crop and Livestock Estimates, W. F. Callander, in charge.

Marketing Divisions—Cotton Division, A. W. Palmer, in charge; Fruits and Vegetables Division, W. A. Sherman in charge; Livestock, Meats, and Wool Division, C. V. Whalin, in charge; Operation of Center Market, Washington, D. C., C. W. Kitchen, in charge; Grain Division, H. J. Besley, in charge; Dairy and Poultry Products Division, Roy C. Potts, in charge; Hay, Feed, and Seed Division, W. A. Wheeler, in charge; Warehousing Division, H. S. Yohe, in charge; Agricultural Finance Division, Nils A. Olsen, in charge; Statistical and Historical Research Division, O. C. Stine, in charge; Agricultural Cooperation Division, Chris L. Christensen, in charge; Farm Population and Rural Life Division, C. J. Galpin, in charge; Economics Library, Mary G. Lacy, in charge; Land Economics Division, L. C. Gray, in charge; Division of Information, J. C. Marquis, in charge.

Activities of the Division of Agricultural Cooperation

By CHRIS L. CHRISTENSEN

In Charge, Division of Agricultural Cooperation

THE Division of Agricultural Cooperation is maintained in the Bureau of Agricultural Economics to study cooperative principles and practices, and by disseminating the results of its studies to encourage the development of soundness, stability, and success in farmers' cooperative enterprises.

Economics of Cooperation

The section of the Division dealing with the economics of cooperation studies the factors contributing to the

success of cooperative associations. An example is the study made of the California Fruit Growers' Exchange, the results of which have been published in two Department bulletins, Nos. 1237 and 1261. The study was concerned with the development of the Exchange and the influence on its development of the economic problems it was obliged to meet, the services which the organization has performed, and the cooperative principles on which it was formed and on which it operates.

Studies are made of forms of organization best adapted to the marketing of various commodities or the purchasing of farm supplies, and of the principles by which an organization should be guided in its marketing or purchasing activities. Problems of pooling, financing, members' contracts, and the relation of members to their organization are considered, either as they relate to particular commodities or associations, or in their general application to cooperative marketing.

Surveys and analyses are made of the marketing problems of groups of farmers who plan to organize. In these studies all factors entering into the handling and marketing of the product are considered. Existing marketing facilities are studied, together with the cost and efficiency of the service they offer. From these factors the advantages possible through cooperative marketing are developed, if such advantages exist. If organization is found advisable, assistance is rendered in formulating plans of organization and operation.

Somewhat similar work is carried on with existing organizations. Studies and analyses are made of their operating methods and business practices. Surveys are made of the factors affecting the marketing of the products they handle, and practical suggestions are made for improving the economy and efficiency of their service.

Statistics of Cooperation

The statistical work of the Division consists of collecting, classifying, tabulating, and indexing statistical and historical information regarding approximately 20,000 farmers' business organizations which are either operating or have operated in the past, and in the interpretation of the data collected. The material obtained includes reports by officers of associations, copies of financial statements, copies of articles of association and by-laws, special reports, magazine articles, etc. This material has been so arranged as to bring together the available information regarding each organization.

Important facts regarding associations which have "gone out of business," are being obtained and tabulated. Detailed information is obtained from time to time from the active associations. A special effort is being made to obtain from the larger and representative associations all the facts and reports necessary for complete statistical and financial histories of the organizations.

Department Bulletin No. 1302, "Development and Present Status of Farmers' Cooperative Business Organizations," is a collection of statistical tables based upon the material in the Division's files. Other material is

published in the biweekly circular "Agricultural Cooperation." The Division also puts out much of this collected information in bulletins, preliminary reports, news releases, etc.

Legal Phases of Cooperation

In view of the widespread interest in the legal phases of cooperative marketing, stimulated by the passage of the Capper-Volstead Act and various state cooperative marketing acts, an exhaustive study has been made of the entire subject. The results of this study have been published in Department Bulletin No. 1106.

An effort is made to keep informed and to inform the public relative to the passage of cooperative marketing acts, and regarding important court decisions and interpretations. Cooperative marketing cases, and court decisions affecting cooperation, are reviewed from time to time in "Agricultural Cooperation."

Contracts, by-laws, and other legal forms are prepared for organized or organizing groups of farmers; and similar documents sent to the Department for comment and suggestions are given careful attention. Digests have been made and published of proposed cooperative marketing legislation. A legal file is maintained for reference.

Service Activities

The economic, statistical, and historical studies of the Division are conducted for the purpose of obtaining information for the benefit of both organized and unorganized farmers. The work of making public the results of these studies and of encouraging the adoption of sound plans and cooperative practices by farmers and farmers' organizations, may be designated as educational and service activities.

The Division aids groups of farmers directly by making surveys in producing and consuming centers to determine their marketing problems. Assistance is given in planning organizations; in preparing by-laws, contracts, and other forms; in planning organization activities; and in working out various problems in operation. Results of scientific studies of cooperation are made public, also, in bulletins, circulars, charts, news releases, correspondence, addresses, and special articles written for house organs of associations and for the agricultural press. Exhibits and motion pictures are used as publicity mediums. A periodical is published and its contents widely used by the cooperatives. Members of the staff attempt to maintain close personal contact with representative associations and leaders of the cooperative movement in the different states.—Extracts, see 9, p. 287.

The Law and Cooperative Marketing Associations

PREPARED BY THE BUREAU OF AGRICULTURAL ECONOMICS

SECTION 6 of the Clayton Act.—In 1914 Congress passed the Clayton Act, which supplements the Sherman Act of 1890, and which provides exemption for labor, agricultural, or horticultural organizations, under certain conditions, from the provisions of federal anti-trust laws.

Section 6 of the Act reads as follows:

That the labor of a human being is not a commodity or article of commerce. Nothing contained in the anti-trust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from

lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the anti-trust laws.

It seems to be generally agreed that this section prevents the dissolution of an organization of farmers which meets the conditions it prescribes, namely, that it is a "labor, agricultural, or horticultural organization"; that it is "instituted for the purposes of mutual help," and does not have "capital stock"; and last, is not "conducted for profit." However, the few decisions of the courts relative to this section indicate that it does not enable associations

to adopt methods of conducting their operations denied to other business organizations.

Section 6 of the Clayton Act is still in effect and is not repealed by the Capper-Volstead Act.

The Capper-Volstead Act.—On February 18, 1922, the Capper-Volstead Act became a law. It is a statutory declaration by Congress that persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce, such products of persons so engaged.

It provides that associations desiring to come within the act, must be operated for the mutual benefit of the members thereof, as such producers, and must conform to one or both of the following requirements: First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein, or, second, that the association does not pay dividends on stock or membership capital in excess of 8 per cent per annum. And in any case to the following: Third, that the association shall not deal in products of non-members to an amount greater in value than such as are handled by it for members.

Under section 2 of this act it is the duty of the Secretary of Agriculture, if he believes that any association operating under it monopolizes or restrains trade in interstate or foreign commerce to such an extent that the price of any agricultural product is unduly enhanced by reason of such monopoly or restraint of trade, to serve upon such association a complaint with respect to such matters, requiring the association to show cause why an order should not be issued directing it to cease and desist from monopolization or restraint of trade. After a hearing, if the Secretary of Agriculture believes that such an association monopolizes or restrains trade in interstate or foreign commerce to such extent that the price of any agricultural product is unduly enhanced thereby, the act provides that he shall issue an order reciting the facts found by him and directing such association to cease and desist from monopolization and restraint of trade. If such order is not complied with by the association within 30 days, the Secretary of Agriculture is then required to file a certified copy of the order issued by him, together with certified copies of all records in the matter, in the District Court of the United States in the judicial district in which such association has its principal place of business. The Department of Justice has charge under the act of the enforcement of such order. The District Court of the United States is given jurisdiction to affirm, modify, or set aside the order or to enter such other decree as it may deem equitable.

This act does not provide for the incorporation of cooperative associations and makes no provision for their formation. It does not change or supersede state laws pertaining to or affecting cooperative associations, and associations complying with the conditions of the act are not relieved from the operation of state laws.

No action has been taken under section 2 of the Capper-Volstead Act. The Department of Justice, however, in a public statement has interpreted the act as placing the regulation of cooperative associations, with respect to Violations of Federal Anti-trust Statutes, under the Secretary of Agriculture.

Liability for Federal Income Taxes.—Under the federal income tax statutes of 1921, cooperative associations which comply with certain conditions are exempt from

the tax. The nature of such exempt associations is stated generally in paragraph 11, section 231, of the act, and in article 522 of Regulations 65, relating to the Income Tax under the Revenue Act of 1924, issued by the Treasury Department. Under the regulations it is necessary for each association to submit the matter of its eligibility for exemption to the Collector of Internal Revenue in its district.

State Laws.—Fifty-six cooperative marketing laws are now in effect in forty-four states. Some of these are brief enabling acts, some amendments to general laws, and others are special acts that cover the subject in considerable detail. Several of the states have two or more acts under which cooperative associations may incorporate and operate. In Minnesota, for instance, there are two acts, both passed in 1923, which are known as the General Cooperative Act and Special Act, and which have some fourteen points of difference, although there are not radical differences.

Most of the state legislation providing for the incorporation and operation of cooperative associations, and particularly exempting them from state anti-trust laws, is of recent origin. Prior to 1921 there were only 15 cooperative laws in effect. In 1920 and 1921, as a result of a widespread interest in cooperative marketing, much attention was given to the legal phases of the subject and many bills were introduced for the purpose of definitely and favorably establishing the legal status of cooperative marketing. Between 1921 and 1924, inclusive, 45 cooperative laws were enacted, 32 of these being substantially, if not identically, the same act, and for this reason commonly referred to as the "Standard Act."

The Standard Cooperative Marketing Act.—The uniform cooperative law, which is practically identical in all of the 32 states in which it is in effect, defines the powers and duties of cooperative associations, and in addition, assembles the various legal considerations bearing on such associations.

The standard act begins with a declaration of policy, which is substantially as follows:

In order to promote, foster and encourage the intelligent and orderly marketing of agricultural products through cooperation; and to eliminate speculation and waste; and to make the distribution of agricultural products between producer and consumer as direct as can be efficiently done; and to stabilize the marketing of agricultural products; and to provide for the organization and incorporation of cooperative marketing associations for the marketing of such products, this act is passed.

That associations formed under this act are not in restraint of trade, is specifically declared in substantially the following provision:

No association organized hereunder and complying with the terms hereof shall be deemed to be a conspiracy or a combination in restraint of trade or an illegal monopoly; or an attempt to lessen competition or to fix prices arbitrarily, nor shall the marketing contracts and agreements between the association and its members or any agreements authorized in this act be considered illegal as such or in unlawful restraint of trade or as part of a conspiracy or combination to accomplish an improper or illegal purpose.

Legislation affecting associations is ample in most states to enable the associations to incorporate and conduct a legitimate cooperative business without fear of restraint by anti-trust statutes. The decisions of the state courts, many of them by State Supreme Courts, have been uniformly favorable to the contentions of the associations. The right of an association to enter into contracts with its members and enforce these contracts is well established.

The Capper-Volstead Act has never been considered by the courts.

President Coolidge Outlines Agricultural Policy

Extracts from President Coolidge's Address at the International Live Stock Exposition at Chicago, December 4, 1924.

THE farmer does not demand special treatment and class favoritism. He wants a fair show, and when he gets it he can be relied upon to take good care of himself and to contribute substantially toward taking care of the rest of us.

It is not from any lack of Government activity that the farmer is suffering. The troubles of the farmer are on the farm and in the market. They come largely from overproduction. We are searching for remedies. We know by all experience that Government subsidies or price-fixing would increase production and aggravate the evil. We might give away the surpluses, or buy and store them indefinitely; still the cost must come from the taxpayer, and the farmer is a taxpayer. But in the end these efforts always fail. The sound remedy is to reduce production, and that is a remedy which will automatically apply itself if there is not artificial interference. Another point of attack is better marketing. There are other practical, workable measures of relief for such conditions as the farmer has recently faced, and these have been invoked.

The present tariff admits free of duty almost every article the farmer uses in his business and protects almost every article raised on the farm. Whatever may be the trouble with the farmer, it does not come from the application of the tariff to his business.

Certainly, it cannot be claimed that the Government has neglected the farmer. In the past three years over \$500,000,000 have been placed at the service of agriculture through the War Finance Corporation. Three and one-half million dollars have been loaned in the Northwest to buy seed. The intermediate credit banks have been established, assuring the farmer cheap working capital. As President, I initiated an Agricultural Credit Co. with \$10,000,000 capital for relief of farmers and banks in the Northwest. A drought loan was provided when needed. Government control of grain exchanges, of packers and stockyards, a sound information trade service, and needed increases in tariff protection have all been granted.

Looking to the future, the Government must aid generously in developing a national agricultural policy on broadly constructive lines. It will support any sound program to release the farmer from the individualistic competitive conditions under which agriculture has been conducted. It must encourage orderly and centralized marketing as a substitute for the haphazard and wasteful distribution methods of the past. The principle of co-operation in producing, financing, buying, and marketing must be encouraged to the utmost practicable development. We must help the farmer to reduce his taxes, broaden his foreign market, and keep freight rates as low as possible while keeping the railroads efficient. This should be supplemented by the development of navigation in the Mississippi Valley and in the St. Lawrence River. I can think of nothing that will surely help the farmer so much as economy, economy in the local and National Governments. This remedy Washington is generously providing.

It cannot be that the problems of the farmer are beyond solution. His business and his welfare are all governed by natural and inevitable laws. What is necessary

is an intensive study in order to find out what these laws are and provide for their application and observance. It is not so long ago that the financial and monetary system of our Government was maintained in an illogical and haphazard way. Sometimes there was a great abundance of currency and credit, at other times there was a great stringency. After many repeated attempts at a remedy the whole subject was surveyed, all the facts assembled, the logical results admitted, whether they appeared to be popular or not, and a government financial system adopted which was strong enough to meet all the requirements of the great war. Without it disaster would have prevailed.

Acting on a similar theory, I have intrusted what I believe to be a thoroughly representative and most ably equipped conference with the making an analogous study of the farm problems. Producers must learn to help themselves. They must learn what the market wants and when it wants it. They must learn to interpret demand. Consumers also must be better informed.

An essential preliminary to efficient cooperation in marketing is the establishment of standards, and the education of livestock producers to understand and appreciate the value of these. The best paid producer is that one who knows just what his customer wants and then produces that particular article. In order that producers may do this, the Government, cooperating with the State extension service, has been sending market experts to instruct stockmen in selecting, grading, and shipping their stock so that it will meet the most exacting market demands. Intelligent marketing is fully 50 per cent of production. The producer must equip himself with a vast amount of information regarding market conditions. That information must be accurate, comprehensive, standardized, and timely. I believe all of these conditions are met by the market news service maintained by the Department of Agriculture.

In the long run, American agricultural production and marketing must be adjusted to the production and consumption conditions of the world. Conditions at home are of first importance because the home market absorbs most of our production. But the surplus which is left over for export is a factor of great influence and importance. In a world whose population nowadays tends to increase at a pace far beyond that of earlier times, it is apparent that the business of furnishing food to people must meet a rapid increase of demand.

Every indication points to an advantageous position of American agriculture in the coming future. Our country must not be given up entirely to industrial development. It must seek a well rounded out, complete, and independent existence. A country without agriculture is shorn of half of its strength and necessarily vulnerable. I make my pledge and my appeal to the farmers of the Nation. My pledge is that your Government will do everything possible and proper for a Government to do, to encourage and direct your strivings toward the goal of prosperity, stability, and security. My appeal is that farmers everywhere shall find ways in which to organize and associate themselves together in the determination to employ effectively every means of improvement that has been placed at their disposal.

Secretary Hoover Analyzes Wastes in Marketing

Extracts from address by Herbert Hoover, Secretary of the Department of Commerce, before the American Dairy Federation at Milwaukee, October 1, 1924.

THE future of our marketing of agricultural products lies in the larger development of the cooperative principle. The success of any marketing agency must rest on the foundation that it can mobilize economies in distribution which are not open to its competitors and that it can show equivalent skill in administration. The agricultural cooperative when rightly adapted to its work, can secure certain advantages in distribution which no individual competitor can amass.

We should not mislead ourselves into thinking that co-operation is the complete solution to the problem of marketing all agricultural produce. Nor is the form of cooperative organization the same in any two commodities. Moreover, the American system is not to be builded successfully upon the experiences of Europe, where marketing is mostly of a local character, and where our great distances between producer and consumer are unknown.

To my mind the whole problem of improved marketing is elimination of waste. I shall address myself to the perishables—that is, dairy products, fruits, and vegetables. They illustrate most vividly certain factors which apply in lesser or greater degree in other agricultural produce.

If we examine the subject from a waste point of view we find the major wastes as follows: (1.) The waste of an unnecessary number of purchase and sale transactions, that is, an unnecessary number of links in the distribution chain and an unnecessary number of different chains from the same center of production to the same center of consumption. (2.) The waste in transportation of inferior and unsalable products. (3.) The waste in decay arising from delayed movements and repeated handling. (4.) The waste from inadequate facilities for expeditious handling, both in transportation and at terminals, and the waste in unnecessary transportation through blind consignment and cross-hauls in search of consumers. (5.) The waste from uncontrolled distribution by which local gluts and famines are created, with consequent destructive fluctuation in price levels and stimulation to speculation. (6.) The waste from the destruction of agricultural capital itself through inadequate return by crowding the market in periods of slight over-production. (7.) The waste in cost of speculation and hazards in distribution produced by all of the above, because either the producer or the consumer must pay through larger margins to cover such risks.

Cooperative marketing has succeeded just so far as it has eliminated some of these wastes. If we can set an organization going which will eliminate all the wastes, or any large part of them we shall have brought about a revolution in our distribution system.

What these wastes amount to cannot, of course, be determined. In 1923 the railways paid over \$10,000,000 for deterioration and losses in course of shipment of perishables. Something like 4 per cent of the rates were thus paid out, and the freight rates are just that much higher because of these damages. This is but a fraction of the damages from deterioration alone, and there are other even larger wastes in transportation itself because of unnecessary haulage and delays, due to the fact that our present system requires a vast amount of reconsignment. A car of melons, for instance, reconsigned four times,

traveled 3,100 miles over indirect lines, and after 36 days on the road arrived totally decayed—when it could have been sent to its destination direct in 10 days at a saving of a thousand miles of transportation and the saving of the entire value of the shipment. I should guess that the total freight paid by the perishable industry could be reduced at least 20 per cent if these wastes alone were eliminated. This is but one category of waste out of seven.

There are several steps in organization which I believe must be brought into action if we are to accomplish these purposes. These steps comprise a greater confidence among the producers in the organization and administration of cooperatives; a much enlarged vision as to the use of standardization of quality, and government inspection and certification of it, as a method of simplifying commercial transactions; a larger measure of unity in control of distribution; the conversion into alternative by-products of occasional seasonal surpluses; the elimination of that small, yet very irritating amount of irresponsibility among terminal marketing distributors; and finally the improvement of terminal marketing facilities.

Nor do I believe that these things can be wholly accomplished through cooperatives alone. While the cooperatives can carry the distribution chain up to the terminals, it is my belief that for a great number of years to come, at any rate, the distribution of produce at the great terminal markets will rest in the hands of commission men and wholesalers; and that we need to mobilize their interest and service also in building up a better marketing system. I do not know of any, even of our highest developed cooperatives, that have not found it advantageous to maintain the private distributor and wholesaler at the terminal markets. He performs a vital economic function, and responsible men do it with great competence. The cooperatives should be represented in these terminal markets directly in contact with the terminal distributors.

Of the points I have mentioned standardization and government certification before shipment can be made to serve a commercial purpose far greater than has been hitherto conceived. The value of standardization, both in the assurance of reliable qualities in goods to the consumer, and in the elimination of the waste and fraud in shipment of inferior and unsalable products, is well recognized.

As long as products are not standardized and confidence established in them they must be sold subject to inspection by the buyer. At this point then is always room for contention. When this dispute takes place thousands of miles from the producer and out of his control it can only lead to a certain amount of repudiation and fraud. If by degrees we can bring the point of transaction back to the producer, he would have an infinitely larger voice in price. Furthermore, if the sale takes place at the door of the producer, it will, nine times out of ten, originate from some particular terminal market, and the problem of transportation will thus be greatly simplified because the commodity will move directly to its point of destination.

In the long run I do not believe that anybody can prepare commodities into standard grades except cooperatives, or that anyone can guarantee those standards ex-

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Secretary Jardine's View of the Farmers' Problems

Extracts from Address by W. M. Jardine, Secretary of Agriculture, Before American Institute of Cooperation, Philadelphia, July 20, 1925

AGRICULTURE has just passed through a most depressing crisis. While improvement has been made and the prospects for the year are encouraging, we must at the same time recognize the fact that much remains to be done to place agriculture on a satisfactory basis.

The cooperative associations must assume a large share of the responsibility of maintaining stable agricultural conditions. Consequently, not only the success of their organizations, but to a large degree the prosperity of agriculture, depend on the ability of the leaders in cooperation, their honesty and their broad understanding of economic conditions affecting agriculture.

Qualifications for leadership include more than an intimate knowledge of the problems of a single State, or of one agricultural industry. A broad outlook and appreciation of the problems of other producers and an understanding of the relation of these problems to their own are also essential.

I do not mean to imply that the responsibility of directing the cooperative associations rests solely with the leaders. The farmer who invests his capital in a cooperative marketing association and entrusts to it products representing a further investment of capital and labor, has the responsibility of selecting men capable of managing his business efficiently. The fundamentals essential for success in cooperation, after all, include an informed, progressive farm population.

Another problem arises in the relation of the cooperative associations to the present agencies of distribution. It is frequently stated that cooperation will "eliminate" middlemen. Such statements are largely the result of lack of information regarding the services necessary to carry farm products from the producer to the ultimate consumer. There is a multiplicity of services to be performed, not all of which can be performed by the farmers' organizations.

Many associations, however, are making progress in reducing the costs of these services to a minimum. Such improvements in efficiency will be welcomed by farsighted urban business men as well as by farmers.

It must be recognized that in an industry like farming, cooperation possesses certain distinct advantages over the older methods of trading in commodities. The agricultural cooperative takes the whole crop of its members. It tries to market this to the best advantage. It avoids depression of prices because it does not aim to buy the commodity at the lowest possible price and thus exert a bearish influence on the market, nor does it resort to the practice of dumping surpluses. Furthermore, in the cooperative organization we have a producers' agency which permits of greater freedom of technical improvement, both in production and in distribution methods, thus benefiting society as a whole. Cooperation does not work only to the benefit of a producing class. In addition it introduces into society those progressive practices which benefit all groups.

The question of grade standards has an important bearing on the work of the cooperative associations. Standard grades facilitate trading, create confidence, and stabilize market conditions. Standardization tends also to keep off the market inferior products which serve only to depress the market for the better grades, but which may be used

to advantage on the farm. The pooling of returns received for products, which is inseparably linked up with cooperative marketing, is one of the most important factors influencing the development of standards for agricultural products.

While the great task today is marketing, we must not lose sight of the fact that production problems exist and demand serious attention. The farmer in the past has been urged to produce bountifully and the market's demand for his products had been a secondary consideration. The stabilization of production to conform as far as possible to market requirements is a problem which must be met by the cooperative associations.

When production has greatly exceeded market requirements, adjustments have been made in the past because farmers will not continue to produce indefinitely an unprofitable crop. Such adjustments have extended over a period of years and have been attended by financial distress to large numbers of farmers. If the cooperative organizations are able to modify even in a small way the conditions that in the past have resulted in the abandonment of farms and the neglect of the fields and orchards kept in tillage, they will perform a service at least equal in value to the improvements they may be able to make in the distribution of the crops once they are produced.

It is confessedly difficult to correlate the production plans of more than six million farmers. Before a beginning can be made in the stabilization of production, certain basic information must be collected, analyzed and disseminated widely. A knowledge of prices over long periods is necessary.

It is necessary to have reliable information as to the acreage and yields of the crops handled by an association and of competing crops, not only in the United States but in foreign countries. These and further data must be used to forecast trends and to guide the farmers in their production programs. The crop estimates of the Department of Agriculture indicate in advance the yields of the current crops. Acreages of bearing and non-bearing fruit trees show the trend in the production of these crops. Agricultural outlook and "intentions to plant" reports issued by the department, give information which properly interpreted and applied, would advance the cause of crop stabilization materially. General economic conditions are also important as an index of the probable purchasing power of the consumers.

The large question of agricultural credit is affected by the operations of the marketing associations. As a group they are the most important borrowers of funds from the Intermediate Credit Banks. Agricultural credit corporations have been formed under the auspices of marketing associations. In some instances, in fact, the marketing associations are the principal stockholders of the credit corporations.

A realization by leaders in the cooperative movement that cooperation is not merely a means for obtaining a better price for a single year's crop but that it is a means for gradually adapting production to market demands, for insuring less wasteful distribution, for reducing the spread between what the farmer receives and what the consumer pays, for aiding in the solution of agricultural credit prob-

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The White House

EDITOR'S NOTE: With this number THE CONGRESSIONAL DIGEST inaugurates a new department. Hereafter this department will report each month the outstanding public matters which have had the attention of the President during the preceding month. Such public matters will include appointments made by the President, addresses delivered by the President, executive orders, and proclamations issued by the President, etc. In the January, 1924 number of THE CONGRESSIONAL DIGEST, the Hon. Wm. Tyler Page, Clerk of the House of Representatives, U. S. Congress, fully described the position of the Executive under the Constitution. The July-August, 1924 number of THE CONGRESSIONAL DIGEST was devoted to a detailed account of the early and present system of election of the President, together with an article on the Powers and Duties of the President under the Constitution.

The President's Calendar

For the Period from June to September, 1925

THE work of the Executive office was temporarily transferred for the summer from the White House in Washington to the summer residence of the President, at White Court, Swampscott, Mass. During the period between June 23 and September 10, the President transacted the work of the Executive office at Swampscott.

Executive Itinerary:

June 23—The President left Washington for Swampscott, Mass., arriving on the following day.

July 3—The President delivered an address at Cambridge, Mass., at the celebration of the 150th anniversary of George Washington taking command of the Continental Army.

Sept. 10—The President left Swampscott for Washington.

Sept. 11—The President arrived in Washington. The Cabinet met for the first time since the President left Washington.

Executive Communications:

June 25—The President, at the request of the Near East Relief endorsed Golden Rule Sunday, December 25, 1925, on which date contributions are to be received for Near East relief.

August 30—The President telegraphed Mr. Bert E. Haney, of Oregon, a Commissioner of the Shipping Board, asking him to resign.

Sept. 12—The President addressed a letter to the Secretary of the Navy (Hon. Curtis D. Wilbur), and to the Acting Secretary of War (Hon. Dwight F. Davis), announcing the appointment of a Board to consider and report the best means of developing and applying aircraft in national defense. The text of the letter follows:

Gentlemen:

Your joint letter stating that "For the purpose of making a study of the best means of developing and applying aircraft in national defense and to supplement the studies already made by the War and Navy Departments on that subject, we respectfully suggest that you as Commander-in-Chief of both Army and Navy appoint a board to further study and advise on this subject" has just been received. Your suggestion is one which already had my approval so far that last spring I had conferred with parties as to the desirability of taking such action, so that a report might be laid before me for my information and also for the use of the incoming Congress. I am therefore asking the following named gentlemen to meet me at the White House, on Thursday next, at 11:00

o'clock in the forenoon, when I shall suggest to them that they organize by selecting their own chairman and proceed immediately to a consideration of the problem involved, so that they can report by the latter part of November.

Major General James G. Harbord, retired, of New York City.

Rear Admiral Frank F. Fletcher, retired, of Washington, D. C.

Mr. Dwight W. Morrow, of Englewood, N. J., lawyer and banker.

Mr. Howard E. Coffin, of Detroit, consulting engineer and expert in aeronautics.

Colonel Hiram Bingham, of New Haven, Conn., Senator, formerly in the Air Service and member of the Senate Committee on Military Affairs.

Hon. Carl Vinson, of Milledgeville, Georgia, member of the House Committee on Naval Affairs.

Hon. James S. Parker, of Salem, New York, Chairman of the House Committee on Interstate and Foreign Commerce.

Hon. Arthur C. Denison, of Grand Rapids, Mich., Judge of the Sixth Circuit Court of Appeals.

Mr. William F. Durand, of Los Angeles, Calif., President of the Institute of Mechanical Engineering, member of the National Advisory Committee for Aeronautics.

Executive Appointments:

July 6—John B. Stetson, Pennsylvania, Envoy Extraordinary and Minister Plenipotentiary to Poland.

July 7—Floyd R. Harrison, to be a member of the War Finance Corporation.

July 9—Edgar B. Brossard, Utah, to be a member of the Tariff Commission.

Aug. 4—Martin E. French, U. S. N., to be Governor of the Virgin Islands.

Aug. 10—Green H. Hackworth, District of Columbia, to be Solicitor for the Department of State.

Sept. 14—Evan E. Young, South Dakota, Envoy Extraordinary and Minister Plenipotentiary to the Dominican Republic.

—William E. Russel, District of Columbia, Envoy Extraordinary and Minister Plenipotentiary to Siam.

Sept. 17—Miss Jessie Dell, Georgia, Democrat, to be a member of the U. S. Civil Service Commission.

Sept. 18—Charles W. Hunt, Iowa, to be a member of the Federal Trade Commission.

Sept. 24—Charles MacVeagh, Ambassador to Japan.

Cooperative Marketing Legislation in 68th Congress

AT THE close of the first session of the 68th Congress, June 7, 1924, there were before the respective Senate and House Committees on Agriculture several major proposals for cooperative marketing. These were as follows:

The Curtis-Aswell bill, known as the Yoakum Plan, (S. 2844*—H. R. 8108).

The Capper-Williams bill (S. 3113—H. R. 8679). The House bill being a revision of H. R. 6136, Williams, (Mich., R.)

The Smith (S. C., D.) bill (S. 3327*).

The Tincher bill (H. R. 9772).

Steps Leading to the Appointment of the Conference

Aug. 14, 1924.—President Coolidge in his Address of Acceptance, in speaking of Agriculture, said:

"But the main problem is marketing. . . I propose, therefore, to appoint a committee to investigate and report measures to the Congress in December that may help secure this result which we all desire. . ."

Nov. 7.—President Coolidge appointed the Agricultural Conference. (For membership see p. 267.)

Nov. 17.—The President's Agricultural Conference called upon President Coolidge and afterwards met at their headquarters in the Department of Agriculture for their first session. The Conference was in session three full days and recessed on November 19th, to meet on January 5th.

Dec. 3.—President Coolidge in his Second Annual Message to the Congress said:

"I have assembled an Agricultural Conference made up of those who are representative of this great industry in both its operating and economic sides. In time for action at this season, I hope to report to the Congress such legislative remedies as the conference may recommend. An appropriation should be made to defray their necessary expenses."

Dec. 4.—In his address at the International Live Stock Exposition in Chicago on December 4, the President referred to the work of the Commission as follows:

"The members of this conference will be entirely free from any kind of political pressure in the consideration of these questions. The farm problem is not a political problem, it is an economic problem. It must have an economic solution. The conference can take a broad and inclusive view of the whole agricultural field, the production of fruits, grains, herds, and flocks, and all other foods and materials that come from the farm. Out of their consideration I trust there may emerge a plan which will enable us to do for the agriculture of the nation something like what has been done for the finances of the nation."

Jan. 5, 1925.—The Conference convened on Jan. 5th and sat until Jan. 28th, during which time extensive hearings were held. In accordance with the policy adopted by the Conference the proceedings were not printed.

Jan. 14.—The Conference submitted to the President its first report which covered the emergency in the live stock industry.

Jan. 20.—The first deficiency appropriation bill for the fiscal year 1925 (H. R. 11308) (Approved by the President, Jan. 20, 1925) carries an item of \$50,000 requested by the President for expenses of the Agricultural Conference. (Public Law No. 326, 68th Congress.)

The Conference Report

Jan. 28.—The Conference submitted its second report to the President. The major proposal of this report being the creation of a Federal cooperative marketing board.

*Bills marked * were reported by the Senate Committee on Agriculture and Forestry.

A review of the 1st, 2d, and 3d reports of the Conference together with a brief account of the status of legislation recommended by the Conference was printed in the March, 1925, number of THE CONGRESSIONAL DIGEST.

Jan. 28.—President Coolidge transmitted the Preliminary Report of the Agricultural Conference to the Congress with recommendations that the report be acted upon "at the earliest possible date." The report together with the President's message was referred in the Senate to the Committee on Agriculture and Forestry; in the House to the Committee on Agriculture.

Action by Congress on the Conference Report

Feb. 2.—The House Committee on Agriculture began to hold public hearings on the Report of the President's Agricultural Conference. The hearings were continued daily for two weeks, closing on the 19th.

Feb. 3.—Mr. Capper, Kans., R., introduced a bill (S. 4202) creating a Federal cooperative marketing board to encourage and aid, upon application, in the formation of cooperative marketing associations, cooperative clearing-house associations, and terminal market associations handling agricultural products; to correlate the activities of such associations; to develop efficient and economical methods of distributing and marketing such products; to bring to the aid of such associations the resources of the departments of the Federal Government, and for other purposes. The bill was read twice and referred to the Committee on Agriculture and Forestry.

Feb. 4.—Mr. Williams, Mich., R., introduced a bill (H. R. 12157) a companion bill to S. 4202. The bill was referred to the House Committee on Agriculture. Both bills were prepared by Mr. Williams. This bill was the last of a number of measures introduced by Mr. Williams as follows: H. R. 6136, introduced Jan. 24, 1924; H. R. 8679, introduced Apr. 15, 1924; H. R. 10593, introduced Dec. 10, 1924; H. R. 11997, introduced Jan. 28, 1925; H. R. 12157, introduced Feb. 4, 1925. H. R. 12157 was offered by Mr. Williams to meet the views of the President's Agricultural Conference Report, and was an amended form of H. R. 11997, the amendments having been indicated by Mr. Ralph P. Merritt, member of the President's Agricultural Conference.

Feb. 7.—Mr. Dickinson, Ia., R., introduced a bill (H. R. 12216) to encourage, promote, and aid in the formation of cooperative marketing associations of producers of agricultural products; to aid in the efficient and economical operation of such associations; to provide for a cooperative marketing board, and also an advisory council, and for other purposes. The bill was referred to the House Committee on Agriculture.

Feb. 10.—The Senate Committee on Agriculture and Forestry began to hold public hearings on the bill: S. 4202 and S. 4300. The hearings were continued daily until February 20th.

Feb. 12.—Mr. Capper, Kans., R., introduced a bill (S. 4300) to create a Federal cooperative marketing board, to provide for the registration of cooperative marketing, clearing-house, and terminal-market organizations, and for other purposes. The bill was read twice and referred to the Committee on Agriculture and Forestry. "Senate bill 4300 is a revised bill, covering the same subject and embodying the same principles as (S. 4202) but I think more in line with the wishes of the President's Conference at this time, and supporting its

plan. There are two features in this revised bill, however, that differ from S. 4202. The new bill, S. 4300, eliminates as a member of the Federal Marketing Board created under this act, the Secretary of Commerce, and it also adds the title II, which attempts to harmonize this legislation with the so-called Capper-Volstead cooperative marketing act, already on the statutes." Statement by Senator Capper, on February 13th, before the Senate Committee on Agriculture and Forestry. S. 4300 is a companion measure to the Haugen bill (H. R. 12348).

Feb. 14.—Mr. Norris, Nebr., R., introduced a bill (S. 4322), to encourage, promote, and aid in the formation of cooperative marketing associations of producers, etc. (Companion measure to the Dickinson bill, H. R. 12216).

Feb. 18.—Mr. Haugen, Ia., R., Chairman of the Committee on Agriculture, introduced a bill (H. R. 12348) to create a Federal cooperative marketing board, to provide for the registration of cooperative marketing, clearing house, and terminal market organizations, and for other purposes. The bill was referred to the Committee on Agriculture. This bill was prepared as a result of instructions of the House Committee on Agriculture to Mr. Haugen to prepare a bill embodying the Recommendations of the President's Agricultural Conference.

Feb. 18.—Mr. Haugen, from the Committee on Agriculture, reported the bill (H. R. 12348) without amendment (Report No. 1517) and with a recommendation that it pass. The bill was referred to the Committee of the Whole House on the state of the Union. Although reported from the House Committee on Agriculture without a dissenting vote, Mr. Kincheloe, Ky., D., reserved the right to oppose the bill on the floor and to file a minority report.

Feb. 19.—Mr. Snell, N. Y., R., from the Committee on Rules, reported a resolution (H. Res. 451) providing for the consideration of the bill (H. R. 12348), with the recommendation that the resolution be adopted. The resolution was referred to the House Calendar.

Feb. 20.—Mr. Williams, Mich., R., proposed an amendment to the bill (H. R. 12348) consisting of four sections to stand as part 3, title I. The amendment was ordered printed. Part 3—Licensed Terminal Market Association.

Feb. 21.—Mr. Capper, Kans., R., from the Committee on Agriculture and Forestry, reported the bill (S. 4300) with amendments and submitted a report (No. 1207). The bill was placed on the Senate Calendar, being No. 1274. The bill reported herewith, says the Senate Report No. 1207, is based upon the principles laid down by the President's Agricultural Conference and carries out the recommendations of the Conference that have to do with cooperative marketing. The bill, together with the amendments by the Committee, conforms exactly to the Haugen bill (H. R. 12348), that has been favorably reported by the Committee on Agriculture of the House.

Feb. 21.—Mr. Burton, Ohio, R., presented as a privileged resolution (H. Res. 451). The resolution was debated, amended, and agreed to by a vote of 265 to 48, 118 not voting; with 28 pairs announced. Upon the passage of the resolution the Committee of the Whole House on the state of the Union began consideration of the Haugen bill (H. R. 12348). Mr. Dickinson, Ia., R., offered as an amendment to the bill his cooperative marketing bill (H. R. 12216).

Feb. 24.—In the Senate, Mr. Curtis, Kans., R., Chairman of the Republican Steering Committee, made a brief statement relative to plans to expedite the consideration

of legislation carrying out the Recommendations of the President's Agricultural Conference.

Feb. 24. In the House, Mr. Jacobstein, N. Y., D., made a speech against the Haugen bill (H. R. 12348).

Feb. 25.—By a vote of 330 to 20, 81 not voting; with 23 pairs announced, the House resolved itself into a Committee of the Whole House for the further consideration of the bill (H. R. 12348). Mr. Aswell, La., D., offered as an amendment to the amendment offered by Mr. Dickinson, his bill (H. R. 8108) known as the Yoakum plan, which would provide for the election of the members of the national board set up by the bill, by the State boards, being entirely under the control of the farmers. The Dickinson amendment provided that the members of the national board be appointed by the President of the United States. Mr. Anderson, Minn., R., raised the point of order against the Aswell amendment to the Dickinson amendment to the Haugen bill, that while both the pending bill and the Dickinson amendment create a Government board functioning as such with sovereign powers of regulation, the Aswell amendment creates what is in all essentials a private corporation, and therefore the Aswell amendment is not germane to the Dickinson amendment or to the pending bill. The point of order was sustained by the Chair. Speeches were made both for and against the proposed Dickinson amendment. An amendment offered by Mr. Jones, Tex., D., to the Dickinson amendment was accepted by Mr. Dickinson, and was agreed to. By a vote of 138 to 78, the amendment offered by Mr. Dickinson was agreed to. The Committee of the Whole House then reported the bill back to the House with amendments.

Feb. 26.—By a vote of 203 to 175, 51 not voting, with 24 pairs announced, the House agreed to the Dickinson substitute amendment to the Haugen bill (H. R. 12348). The bill as amended was then passed by the House by a vote of 185 to 95, present 1, 50 not voting, with 9 pairs announced.

Feb. 26.—In the Senate, the act (H. R. 12348) which had been passed by the House, was read twice and referred to the Committee on Agriculture and Forestry.

Feb. 28.—Public hearings were held by the Senate Committee on Agriculture and Forestry on the act (H. R. 12348).

Feb. 28.—In the Senate, Mr. Shipstead, Minn., Farmer-Labor, submitted a resolution (S. Res. 351) directing the Federal Trade Commission to investigate the growth and importance of cooperative associations and interferences with their operation. The resolution was referred to the Committee on Agriculture and Forestry.

Mar. 2.—Mr. Capper, Kans., R., from the Senate Committee on Agriculture and Forestry, reported the act (H. R. 12348) with an amendment to strike out all after the enacting clause and insert [the text of the Capper bill (S. 4300), companion measure to the Haugen bill (H. R. 12348)]. The measure was pending on the Senate calendar when the 68th Congress adjourned, being No. 1335. All pending bills and acts expire with the Congress.

Mar. 13, 1925.—At the Special Session of the Senate, 69th Congress, Mr. Shipstead, Minn., Farmer-Labor, submitted a resolution (S. Res. 34) directing the Federal Trade Commission to investigate the growth and importance of cooperative associations (text identical with resolution (S. Res. 351), 68th Congress, 2d Session. See above under date of Feb. 28, 1925.) The resolution was ordered to lie on the table; on March 17, the resolution was considered by unanimous consent and agreed to.

The President's Agricultural Conference

THE following members of the Conference were appointed by President Coolidge, November 7, 1924: Hon. Robert D. Carey, Chairman; O. E. Bradfute, President, American Farm Bureau Federation; Dr. Wm. M. Jardine, Secretary of the U. S. Department of Agriculture (at the time of Dr. Jardine's appointment to the Conference he was President of the Kansas State Agricultural College); Ralph Merritt, President and Manag-

ing Director of the Sun-Maid Raisin Growers of California; R. M. Thatcher, Director of New York Agricultural Experiment Station; C. S. Barrett, President of the Farmers' Union and Chairman of the National Board of Farm Organizations; Fred H. Bixby, President of the American National Livestock Association; Dr. W. C. Coffey, Dean of the College of Agriculture, University of Minnesota; L. J. Taber, Master of the National Grange.

The Report of the Conference

Report to the President by the Agricultural Conference on Agricultural Legislation For Submission to the 68th Congress.

AGRICULTURE is the most important industry of America. Its complex, widespread and highly technical problems do not lend themselves to any one remedy for any specific piece of legislation through which there may be found complete cure for its many ills. Agriculture is entitled to the same measure of consideration and the same degree of benefits that are received by industry.

There must be established a balanced American agriculture by which production is kept in step with the demand of domestic markets and with only such foreign markets as may be profitable.

Recommendations for Cooperative Marketing Legislation

In considering the legislation now pending before Congress dealing with the cooperative marketing of farm products, the Conference finds very many desirable points embodied in several of the proposed bills. Yet no bill presents a completely satisfactory program. Consequently, the Conference desires to present the principles which, in its opinion, should be embodied in legislation for passage by the present Congress.

In its discussions with representatives of all departments of the Government on matters affecting agricultural legislation there has been complete unity of support for certain principles which also have the unanimous approval of this Conference. These principles have to do with the solution of that portion of the agricultural problem arising out of the development of commodity marketing organizations and the stability which may be brought to agriculture through wider recognition of the need for such organizations, and greater confidence in their ability to meet the farmers' problems in much the same manner as industrial problems are solved.

It is the opinion of the Conference that the time has arrived to give due emphasis to the fact that the present problems of agriculture rest upon the ability of the farmer to market his goods at a profit, and that constructive assistance to such problems may be found through the development of producers' marketing organizations creating the opportunity for orderly distribution, economies in operation, and adherence to approved standards and grades. As a result of the proper type of cooperative organizations it may be expected that commodities so organized will find opportunity for the creation of programs of orderly production, finance and marketing, the development of adequate standards, the creation of economies in distribution, with larger consequent return

to the producers. It is also of vital importance that leadership should be developed in the different commodity groups for the proper and intelligent application of the principles which agriculture must be granted whether in the field of production, distribution, tariff, transportation, or otherwise.

Finally, it is the purpose of the proposed plan to allow cooperatives a freedom to develop without governmental interference or domination except for the very proper police powers lodged with the Secretary of Agriculture under the Capper-Volstead Act. It is clear, however, that leadership and assistance through the authority of the Government is essential and that greater impulses for the developing of marketing associations will result from a fostering attitude on the part of a Federal Agency. The purposes of this plan are to create opportunities for group as well as individual action, based upon the voluntary action of all parties concerned. Legislation on the following lines is therefore recommended:

A.—General principles, to be applied upon voluntary action by commodity marketing organizations, producers, and distributors:

1. For the purpose of promoting equitable and advantageous distribution and disposition of their products, cooperative marketing associations or any of them may pool their products, exchange crop and market information and make and carry out orderly production and marketing programs; and for such purposes producers and distributors of such products may cooperate with such associations.

2. Groups of producers desiring to organize cooperative organizations should be given opportunity for application to the Government to make a survey of the distributing problems involving any commodity, and the Federal agency should make recommendation to the applicants concerning the type of organization best suited to their problem, based upon the demonstration of success among other cooperatives or upon other business principles.

3. Commodity marketing organizations upon application to the proper Federal agency and purely as a voluntary act may apply for and be Federally registered upon demonstration of the soundness of financial standing of the organization, and an agreement to submit their books to Federal inspection for audit semi-annually. This step is proposed for two purposes. First, it gives greater confidence to members in the management and operation of their organizations by supplying them with reliable information from a Government source—information which

is comparable to that given from time to time by State or Federal bank examiners to depositors about the condition of banks. Second, from such a system uniform general accounting principles will be gradually developed among cooperative commodity organizations by voluntary action. Furthermore, these organizations should agree that in the merchandizing of their product they will conform to approved standards.

4. The establishment of grades and standards for various agriculture products of the country is essential. In many lines such standards already are established by State or Federal law, and such standards should receive full recognition in all trade dealings, both domestic and foreign, and should be made the basis of settlement of all disputes. In certain cases standards do not conform to the best interests of the producers and they should have opportunity to make recommendations as to amendments in existing standards. In many cases there are no standards and in such an event opportunity should be given to establish standards and grades from time to time upon recommendation to Federal authority by producers who represent at least sixty per cent of the product of the industry.

5. Upon application to the Federal agency distributors at terminal markets may create Federally registered exchanges or associations, the members of which shall operate under rules and regulations formulated by them and approved by the Federal authority creating the charter. These rules and regulations shall, among other things, call for recognition of all established grades and standards of agricultural products and arbitration of all disputes under such grades and standards, the guarantee of financial standing of members, and the opening of the accounts of the exchange or association to Federal inspection and audit.

6. Upon application to the Federal agency by any agricultural industry through its cooperative organization, the Federal agency should consider and advise upon the problems confronting the industry in any phases of production, financing or marketing, or upon any other matter which such an agricultural industry may make application for guidance. The Federal agency may call upon any department of the Government for necessary study of special problems, the furnishing of statistics or other appropriate action, and should, in conference with the industry, formulate practical solutions for the various problems that may be presented.

B.—Principles applicable especially to perishables:

The great perishable industry of the country representing the producers of vegetables, fruits and grapes, is at the present time faced with many great problems. For the most part this industry represents an unorganized

group of producers searching for opportunity to solve their problems of distribution through contact with their terminal markets. For such purpose, in addition to those mentioned above, the following is recommended:

Cooperative marketing organizations upon application to Federal authority may have the right to create clearing houses, for the purpose of eliminating the over-supply or under-supply in various consuming markets without interference with the restraint of trade laws. Such clearing houses should have the right to freely interchange information upon the volume of the available supplies of their commodity.

C.—Federal agency under which such an act is to be administered.

Differences of opinion have appeared among the various Government agencies in their recommendation as to the nature of Federal authority which should administer the principles herewith presented. These differences have been taken into account in the recommendation of the Conference. Furthermore, for the proper development of cooperative marketing organizations it is quite apparent that there is need for a central unit which would make available to producers all facilities now in existence and those which might be brought about, relating to the different phases of cooperative marketing. Such a unit would act as a coordinating agency and producers' organizations could get in touch with it directly for any help or assistance they might legitimately seek. The Conference concludes, therefore, that in the administration of the various principles herein outlined there should be instituted a separate board, as is now the case in industry and banking. This board would be able to use all the facilities of all Government departments and interlock all the problems of agriculture, both those of production with those of distribution.

The board, as far as the majority of membership is concerned, should arise from the commodity organizations themselves by nomination to the President. There should be created a Federal Cooperative Marketing Board of five members, two members to be the Secretary of Agriculture and the Secretary of Commerce, and three others, including a chairman to be appointed by the President, to be nominated by the Federally registered cooperative marketing organizations upon the expiration of the terms of the three members first to be appointed by the President. The salaries of the three appointed members should be \$12,000 a year. They would serve terms of one, two and three years, respectively, with succeeding members to serve terms of six years each. For the purposes of establishing the board and of carrying on its first year of operation the sum of \$500,000 should be appropriated.—Extracts.

President Coolidge Transmits Agricultural Conference Report to Congress

Message from the President of the United States, Transmitting a Preliminary Report of the Agricultural Conference on Agricultural Legislation. On January 28, 1925, the message was read in the Senate and referred to the Committee on Agriculture and Forestry. In the House the message and report was referred to the Committee on Agriculture.

To the Congress of the United States:

Transmitted herewith is a preliminary report of the agricultural conference. It embraces such recommendations as the conference wishes to make at this time. I am advised that while it does not refer to some legislation which is already pending, that the conference reserves the

privilege of making further suggestions at some future time. As I have great confidence in the personnel of the conference and know that they are representative of a very large part of agriculture, and that they have given very thoughtful study to the entire situation, I recommend that their report be embraced in suitable legislation at the earliest possible date.

Conference Recommendations Reported in House Bill

Digest of the Haugen Bill (H. R. 12348) as Reported by the Committee on Agriculture of the House, February 18, 1925.

TITLE I, PART 1.—Federal cooperative marketing board organization

Sec. 1 establishes a Federal cooperative marketing board composed of six members. Five are appointed by the President, by and with the advice and consent of the Senate, two for terms of one year, two for terms of two years, and one, to be designated as chairman, for a term of three years. The Secy. of Agriculture is the sixth member.

Appointment and Qualification of Members: Sec. 2 provides for manner of apptmt., and qualifications of apptd. members. Each of the apptd. members must be a citizen of the United States, can not actively engage in any other business, and receives a salary of \$10,000 a year, together with traveling and subsistence expenses. Apptmts. of successors to the original five members are made for terms of six years.

After the first year each apptmt. is to be made by the President, by and with the advice and consent of the Senate, from a list of 10 individuals who are nominated in the following manner: Whenever the Secy. of Agriculture finds that a vacancy has occurred or will soon occur, he notifies each registered cooperative marketing association (see sec. 23) that it may cast its vote for an individual to fill such vacancy. After the votes have been cast the names of the 10 individuals receiving the greatest number of votes are submitted by the Secy. of Agriculture to the President as the nominees for such vacancy. In voting and in making the nominations and apptmts., due regard must be given so that there will be one appointee who has knowledge and experience in production and marketing of livestock, one in grain, one in poultry products, one in cotton and tobacco, and one in fruits and vegetables. Not more than three of apptd. members can be of same political party.

General Powers of the Board: Sec. 3 confers upon the board the following general powers: To maintain its principal office in the D. C.; to have an official seal; to make an annual report to Congress; to make necessary regulations; to appoint and fix salaries of officers and employees; and to make necessary expenditures for carrying out provisions of act.

Appropriation: Sec. 4 provides for an apprn. of \$500,000 for the expense of administering the functions vested in the board.

PART 2.—Registration

Special Powers of the Board: Sec. 21 confers upon the board certain special powers as follows:

(a) To aid in surveys and investigations when application is made by groups of producers or by associations desiring to organize, and to make suggestions as to the type of organization suited to the problems of the group or assn. making application.

(b) To provide for registration of associations as members of the cooperative marketing system and to suspend or revoke their registration.

(c) To examine any registered assn., and to audit its accounts if the assn. so requests, leaving it to the discretion of the board as to whether the audit is to be made with or without cost to the assn. The board can require from each assn., not oftener than twice every year, a sworn statement of the financial condition of the assn.

(d) To provide a method of arbitration and settlement of all disputes and to require an assn. to abide by any award of the board. (See discussion under sec. 26.)

(e) If application is made, to consider and advise upon problems confronting any agricultural industry and to call upon any deptmt. of the Government for assistance in studying such problems, for statistics, or for other appropriate action.

(f) To call a meeting, at least once a year, of representatives of the registered assns. to discuss questions of importance such as the developing of an improved marketing system, grades and standards, elimination of waste, and volume of production.

(g) To cooperate with any deptmt. of the Government or of any State or Territory or with any person.

Application for Registration: Sec. 22(a) permits any cooperative assn. qualified under the Capper-Volstead Act or any clearing-house assn. or terminal market assn., exclusively composed of or operated by such qualified assns., to apply for registration under the act.

Subdivision (b) of sec. 22 states the purpose of a clearing-house assn., and of a terminal-market assn.

Terms of Registration: Sec. 23: Under this sec., if the board finds that the assn. which is applying for registration is properly organized under the law, that it is qualified under the Capper-Volstead Act, and that its financial standing and business methods are sound, it shall register the assn. as a member of the Federal cooperative marketing system and issue to it a certificate of registration, subject to certain conditions. These conditions which the association must agree to are coextensive with the special powers conferred upon the board and stated in sec. 21. (See also under sec. 26.)

Suspension and Revocation: Sec. 24: Subdivision (a) of this sec. gives power to the board, after a notice and hearing, to impose certain penalties, or to suspend or revoke registration of any registered assn., if the board finds that such assn. has violated applicable provisions of the act or regulations of the board.

Subdivision (b) permits any registered assn. to withdraw as a member of the Federal cooperative marketing system and to obtain revocation of its registration certificate, the withdrawal to be effective after 30 days.

Subdivision (c) permits the board to prescribe and to collect a civil penalty of not more than \$50 a day for violations of the act or of its regulations.

Use of Titles: Sec. 25: This sec. permits each registered assn. to use the word "Federal" as a part of its title, and the term "Member of Federal cooperative marketing system" on its stationery and labels and in its advertising, and prescribes a civil penalty of not more than \$100 per day for the unauthorized use of such word or term.

Disputes, Arbitration, Standards, and Inspection Service: Inasmuch as the board, under sec. 21 (d), is authorized to provide a method of arbitrating and settling disputes of registered associations as to standards of agricultural products and, as under sec. 23 (a) (2), the assn. agrees to avail itself of such method of arbitration and settlement there should be available to registered assns. and their members official standards for agricultural products and an inspection service for certifying the standards of any particular product in order to have a uniform basis of settlement and arbitration. The board also should make use of such standards and inspection for the cooperative marketing system.

Sec. 26: Under the cotton standards act, grain standards act, the butter standards amendment to the food and drugs act, and section 19 of the U. S. warehouse act, the Secy. of Agriculture now has sufficient authority to establish standards for all agricultural products. The Secy. of Agriculture now has power to inspect and certify as to the standards of practically all agricultural products except tobacco, nuts, and a few minor products. Sec. 26 extends the power of the Secy. to inspect and certify agricultural products where such power of inspection and certification does not now exist. The enactment of the section will, therefore, result in making the Secy. of Agriculture's power to establish standards for agricultural products and to certify as to the standards of such products coextensive. The provisions of existing law do not make the establishment of standards mandatory. Upon the enactment of sec. 26 it will follow that whenever the Secy. of Agriculture establishes a standard for any agricultural product he will then have the power to provide an inspection service for the certification of such standards upon application. The standards and inspection service and certification provided by existing law and by sec. 26 are, of course, available for all cooperative assns. and their members whether or not registered under the cooperative marketing system.

Separability of Provisions: Sec. 27: This sec. contains usual provision in event act is declared unconstitutional.

Reservation of Right to Amend: Sec. 28: This sec. contains reservation of Congress of its right to alter, amend, or repeal provisions of act.

TITLE II

Amendments to Existing Law: This title is composed exclusively of amendments to the Capper-Volstead act.

Capper-Volstead operatives have hesitated to exchange crop and market information, to carry out production programs, and to pool their products because of the antitrust laws.

In the Capper-Volstead Act one of the most important provisions is that "such associations may have marketing agencies in common." But the act does not definitely define the status of such marketing agencies and sec. 2 of the act, which provides for regulation of "associations" by the Secy. of Agriculture, does not include in its terms the regulation of its marketing agencies. The question, therefore, as to when under the present act a marketing agency is (1) subject to the general antitrust laws, (2) subject only to the regulatory provisions of sec. 2 of the act, or (3) subject to no restraint of any kind, can not be definitely answered.

In the bill the attempt was made to cover the above problems by specific amendments to the act. The amendment which enlarges sec. 1 to compose three secs., reenacts the existing law and also grants authority to groups of producers composing a Capper-Volstead assn. (a) to exchange crop and marketing information, (b) to make and carry out the program of orderly production in marketing, and (c) to pool and store products. The amendment also gives the right to the

Continued on page 287

Members of Congress Discuss Cooperative Marketing Bill

Pro

HON. GILBERT N. HAUGEN

U. S. Representative, Iowa, Republican

Report of the Committee on Agriculture of the House on H. R. 12348, Submitted by Mr. Haugen, Chairman of the Committee

THE Committee on Agriculture, to whom was referred the bill to create a Federal cooperative marketing board, to provide for the registration of cooperative marketing, clearing house, and terminal market organizations, and for other purposes, having considered the same, report thereon with a recommendation that it do pass.

The bill reported herewith carries out the recommendations of the President's agricultural conference in respect of cooperative marketing legislation.

Hearings on the report of the President's agricultural conference have been held daily for the past two weeks. Governor Carey, Secretary Jardine, Mr. Bradfute, and Mr. Taber, members of the conference, appeared before the committee on the bill as originally introduced and gave their approval to the bill. Members of various farmers' cooperative and marketing organizations appeared and also approved the bill with slight amendments, which have been accepted.

The bill proposes to set up a purely voluntary plan of registration for cooperative marketing associations which qualify under the Capper-Volstead Act. There is nothing in the bill to compel any cooperative association to register and there is nothing which will deprive any association which does not register of any of its rights, privileges, or immunities which it now has under existing law. Moreover, all associations, whether they register or not, will be able, because of amendments made to the Capper-Volstead Act by the bill, to operate without the present-day restrictions as to dissemination of crop and marketing information and as to production, pooling, and storing agricultural products.

If the cooperative association chooses to register, it in effect enters into an agreement with the Federal cooperative marketing board, which is created by the bill, to submit semiannual reports of its financial condition and to have the board settle its disputes in respect of grades and condition of agricultural products and the trade practices in respect of such products. It becomes entitled to use certain titles on stationery and labels, and in its advertising, and it may organize terminal and clearing-house associations of a purely Capper-Volstead character, which will have the same antitrust exemptions as the association itself has.—Extracts, see 7, p. 287.

HON. J. N. TINCHER

U. S. Representative, Kansas, Republican

I BELIEVE that this bill will be a beginning of successful cooperative marketing in this country.

In order for cooperative marketing to be a success, there must be national encouragement. For instance, take potatoes, the little association in Colorado and the similar association in Michigan must not work at cross-purposes with one another. There must be some national encouragement. Now, one of the arguments made against the bill was in reference to arbitration.

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Con

HON. JAMES B. ASWELL

U. S. Representative, Louisiana, Democrat

Ranking Minority Member of the Committee on Agriculture of the House

I WOULD like to state that if the majority report had been printed in time there would have been a minority report.

This bill (H. R. 12348), not in a single line, offers either hope or help to the farmers. It is an effort to paternalize the farmer, make him more subordinate, destroy his initiative and his ability to handle his own business, and make him a ward of the Nation. Much is being made of the statement that the cooperatives are not compelled to come in. That is true on the face of the bill, but when they agree to register they agree to abide by the mandates of this board, and its authority is plenary. They will be practically driven into the Federal system. What does this board offer the American farmer? Specifically this. It says to the American farmer, you come into this Federal system and we will give you regulation, investigation, inspection, audit, control, and if you do not obey us we will dismiss and destroy you. What will the farmers get from this Federal organization? Two things, and only two. First, free advice; second, the right to put on their stationery the word "Federal."

The representatives of the cooperatives of this country from one side to the other, except one, that of Mr. Merritt, who is a member of the President's conference, have opposed this bill.

It has been said over and over again by men informed on this question, that unless 70 per cent of the farmers come into the cooperative associations they will fail because those who stay out will destroy them. Unless you can get into these cooperative associations 70 per cent they are a failure to begin with, and would be futile from the very start.

Certainly there is nothing in this bill that would benefit either the producer or the consumer. The Federal cooperative marketing board would be a permanent and controlling power in agriculture. It would impose conditions, make rules, and pass judgments from which there can be no appeal and no recourse.

Of the three subsidiary organizations controlled by the Federal board the farmer is allowed to control but one—and that one can not market farm products. By courtesy this is called a cooperative marketing association.

As a matter of fact it is not a marketing association at all. The producing cooperatives can not sell and are forbidden by the terms of the bill to deliver to the consumer a single farm product. It permits the farmer to plant and reap. The farmer can not become a merchant, under this bill.

The clearing-house association has a membership not confined to farmers or producers. In reality these associations will be dominated by the same men and the same interests who are now engaged in the distribution of the farmers' product.

The bill expressly provides for such contingency when it says (Title II, sec. 5):

Whether or not exclusively composed of and operated by such co-
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HON. J. N. TINCHER—continued

That the cooperatives should not be required to agree, when they entered into the Federal association, to arbitrate. That the claim is made, I assume, is due to inexperience and lack of knowledge on these subjects. That would be an advantage to the cooperatives. That would be more advantage to them, such as the membership in a board of trade or grain exchange, than any other one thing, in that it is an advantage to the cooperatives to have an agreement that will arbitrate their differences instead of being sued away off from home. That will be one reason why the cooperative associations will apply for the designation of a Federal cooperative association. That will encourage them to come in instead of discouraging them. I base that on my knowledge of the advantage it is to the man who owns a membership in an exchange or board of trade to have the benefit of arbitration, and that will not keep anyone out. If it should, they will not be damaged. I can not help but think there is another reason save the fear of not doing the farmer any good that is behind about 90 per cent of the opposition to this bill.

Five of the men constituting the President's commission were at the head of five of the biggest farm organizations in America; they were selected not because of their political standing but because of their connection with farmers and the difference between the Haugen bill and the substitute offered for it is that the Haugen bill is calculated to do something for the farmer and it is O. K.'d by the representatives of the farmer himself, while the substitute offered was prepared for the purpose of pleasing and is calculated to please and suit the salaried heads of the cooperative marketing associations. I believe the five men on this commission representing the farmers direct come nearer speaking their sentiments than anyone else.

If the Haugen bill is passed the farmers can get along without a lot of these high-salaried gentlemen who are opposed to the bill.

Here is a proposition that [opponents say] is "bad" in this bill. The cooperatives shall register. The bill provides:

If the board finds as to any association making application for registration, that the association is duly and legally organized under the law of any State or Territory or the District of Columbia; that the association is qualified or composed and operated as provided in section 22, and in the case of a clearing house or terminal market association that such association is suitable for the purposes specified in such section; and that the financial standing and business methods of the association are sound.

Oh, what a terrific power that is to give to the board! What does the converse mean? You can change it easily and provide that the board shall admit to membership and have designated as a cooperative every fly-by-night organization in the United States, regardless of the financial standing or their business methods. That is not in accord with good business or good government, according to my view of good government.—Extracts, see 8, p. 287.

HON. JOHN C. KETCHAM

U. S. Representative, Michigan, Republican

IT IS a commonplace to say that the cooperative movement has become a dominant factor in the agriculture of the Nation. The growth of cooperative agencies in the

*Continued on next page**Con*—continued

HON. JAMES B. ASWELL—continued

operative marketing associations, or members thereof, or terminal market association, whether or not exclusively composed of and operated by such cooperative marketing association or members thereof.

The next link in the chain which binds the farmer to industrial servitude is the cooperative terminal marketing association.

The term "cooperative" here does not mean cooperation with the producers or farmers. So far as the farmer is concerned, cooperation with him ceases when he turns his product over to the clearing-house association. There is every evidence, however, that 100 per cent cooperation will exist between the clearing house and the terminal marketing associations.

They are engaged in selling the farmers' product. Their interests are identical, but that of the farmer is not. He is in the picture only as the producer and his activities are strictly limited to production.

The actual selling is in the hands of the terminal marketing associations. These associations may operate in every city and town in the United States.

That the business of selling the Nation its food supply may not fall into alien hands, the bill provides an easy way for admitting dealers, brokers, commission men, and others into these associations.

As a result we have the same old system doing business with the farmers in the same old way—one-third to the farmer and two-thirds to the dealer.

In fact, under the provisions of this bill the farmer is "hog-tied." Not only is he completely shut out of the consumers' market, but is threatened with the loss of his charter if he objects, and subjected to a penalty of \$25 a day through suit in the United States courts. The entire machinery of the selling end is taken from him and given to the dealers and speculators, and if greater ruin and distress overtake him, the only recourse on earth left him under this bill is to forsake Government cooperation, ask for the annulment of his charter, and again trust his fortunes to the dealers and commission men who have brought him to his present deplorable plight.

The proposition of real farm relief lies in bringing the farmer and the consumer into closer contact. This bill makes such connection a physical impossibility and forever dispels his dream of marketing his own products. It is a dealers' bill, pure and simple.

I propose a definite and sound remedy. I shall offer as a substitute for this Federal control bill, the Curtis-Aswell bill, embodying the Yoakum plan. This bill has been reported favorably by the Senate Committee on Agriculture. I shall offer the Curtis Senate bill, which is the same as the Aswell bill, except the Senate committee amended it helpfully. The Curtis national cooperative marketing plan does not create Federal control at the expense of the taxpayers but places the farmers in control of their own business.—Extracts, see 8, p. 287.

HON. DAVID H. KINCHELOE

U. S. Representative, Kentucky, Democrat

I BELIEVE that cooperative markets is the final salvation of the farmers of this country if conducted in the proper way. But what is in this bill? It creates a commission of five men, at a salary of \$10,000, to be appointed by the President of the United States. The

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HON. DAVID H. KINCHELOE—continued

past few years has been astonishing, and with that growth there has come a demand, both on the part of cooperatives living in States as well as those having an interstate relation, that the State legislatures and the National Congress do something by way of legislative enactment to give encouragement to this great movement.

I think that most of us recall with a considerable degree of pleasure the enactment of the Capper-Volstead Act and its approval by the President in February of 1922. I think that most of us believe that when that act was signed by the President and became a part of our law a great step had been taken in the way of giving Federal recognition to this new form of organization.

When we consider that these organizations number 10,000 and that considering both their buying and their selling activities the total amount of their business reaches the stupendous total of \$2,200,000,000 it ought to make us pause and think carefully before any action shall be taken that shall in any way deprive these organizations of every possible help and assistance that may be given them by the Federal Government.

The Committee on Agriculture asks that this very moderate step in advance shall be taken, and I am sure your deliberate judgment, if you are friendly to agriculture, will support the judgment of the committee in the measure which they present. In my judgment, it will be the second advance step in this great unfolding and development of the cooperative movement in the United States.

The power given this board to grant to certain cooperative organizations, under conditions that may be mentioned, the right to put upon their stationery the word "Federal" is not to be lightly regarded. I know that whenever a bank has become a member of the Federal reserve system they do not fail to have that little bit of advertisement put on the front window of their bank, and the purpose of it, of course, is to inspire confidence, and I think it has the desired effect. I maintain that the power given in this act to this board to grant to cooperative organizations who shall meet the conditions very moderately imposed by this bill to write upon their stationery and to be regarded as Federal organizations is an advance step. Belittling remarks have been offered with reference to that particular feature, but in my judgment it is a fine indorsement for these cooperatives to have the word "Federal," representing the power and the authority and indorsement of the Federal Government, put upon the acts of such cooperative organizations.

I confess I cannot see the alarm in this bill that others seem to see. The special powers of the board have been enumerated. Cooperative organizations like to have the very activities mentioned exercised by some authority in which they have confidence. For instance, "to aid in surveys and investigations when application is made by producers for such assistance." Many of these men, believing that cooperation offers a way out for their marketing problems, desire to be advised and to be counseled by the very best authority that can be secured, and instances might be multiplied to indicate just exactly how that power, which already exists to a limited extent, has been used, and so I am sure that the provisions that have been pointed out as alarming and dangerous are not to be found in this bill.—Extracts, see 8, p. 287.

Con—continued

HON. DAVID H. KINCHELOE—continued

original men upon this commission will not be appointed upon the recommendation of the cooperative marketing associations of this country. The time of two expires in one year, two of them in four years, and one of them in six years. In other words, this partisan commission that the President can appoint will have a majority for four years. Let us look at this bill briefly and see what it contains.

On page 6, subsection (b), section 21, provides:

To provide for (but not require) the registration of associations (hereafter referred to as "registered associations") as members of the Federal cooperative market system and to provide for the suspension and revocation of their registration in accordance with the provisions of sections 22, 23, and 24.

There is nothing compulsory in the cooperative marketing associations registered, but after they register what will happen to them under the powers of this board? What has the board got to give in the way of governmental assistance to induce any cooperative marketing association to come into this system? After they come in, after they once stick their heads in this Federal halter which is provided in this bill, then what will they have to submit to? Here is what it provides in the next section, after they come in and register:

To provide for the examination of any registered association and to audit upon the request of such association its accounts, such audit to be taken with or without cost, in the discretion of the board; to acquire from each registered association, not oftener than twice in any fiscal year, a sworn statement in respect to the financial condition of such association.

After they get in, this provides and gives the board plenary power to go and "piroute" around into the records and examine into every cooperative marketing association registered under this bill. This examination can be made by this board over the protest of every member of the corporation. So, they have the right to examine whether the association wants them to or not. But how can they make an examination except some Federal officer is sent out from the Capital of the Nation who will walk into one of these cooperative marketing association establishments and say, "I have come to examine you." You would think that cooperative associations needed a guardian to manage their business. They are, in fact, some of the smartest men in the United States. The Burley Tobacco Association, for example, has 170,000 members. There are 53 grades of Burley tobacco, and there are 10 or 12 grades of cotton. Take one of these associations with 53 grades of tobacco and 10 grades of cotton to deal with and you will find that they have the best bookkeepers in the world keeping the books of these associations. Would it not be encouraging to these associations to have some little expert from Washington sent down to them and say, "I have come down to examine the association"? If they protest he would say, "We will fine you \$100 a day."

You can see the folly of such a thing and yet it can and will happen, if this bill is enacted into law and these cooperatives register—why enlarge Federal control again and create this jealousy between the cooperatives that stay out and those that go in—are not they all entitled to the same treatment?

The National Council of Farmers' Cooperative Marketing Associations, representing 620,000 farmers, is against this bill. The Cotton Association is against it, the Milk Producers' Association is against it, and the

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HON. CHARLES BRAND

U. S. Representative, Ohio, Republican

THE dairymen are getting about the same for milk that they did 10 years ago; the dealers are receiving for bottling and selling the milk nearly three times as much as they did 10 years ago. In other words, the dairyman is receiving very much less per cent of the consumer's dollar in the milk business today than he was 10 years ago, although the organization of the dairymen is more perfect today than it ever has been, but it is not perfect enough to secure for the dairyman his fair share of the consumer's dollar.

Milk dealers are well organized throughout the United States. When you deal with one of them you are practically dealing with all of them.

The dairymen were organized within 50 miles of Columbus. That organization is not able to demand and secure a price for the milk that is a just per cent of the consumer's dollar because the dealers are able to go outside of the territory covered by the organization and buy their milk. There is almost no limit to the distance the dealers can go for milk. If necessary, they can go from Ohio to Illinois, because the milk is pasteurized and can easily be shipped in refrigerator cars into Ohio, bottled, and turned out as fresh milk.

It is necessary not only for farmers to cooperate within a State but within more than one State; in fact, if the buyers of milk work together throughout the Nation, then the producers of milk must do likewise throughout the Nation.

The objection to this bill has been that there has been provided a registration for every cooperative-marketing organization and that that organization will be under the supervision of a Government body and that their books and their proceedings and their records and their profits and their losses be open to inspection when they are so registered. It is very apparent that many who oppose do not realize the necessity for this. By this cooperative measure and by having the Capper-Volstead Act we have removed the cooperative organization from the effect of the Sherman anti-trust law, and now we are paying a way for the organization of producers probably with the intention of having all of a product under control, and this provision in the bill of regulation is absolutely an essential provision if we desire to protect the consumers.

While under this law it may be impossible to get absolute control of wheat products, of milk products, or hog production or corn production, yet in many of the smaller items of production, such as raisins, prunes, apples, onions, tomatoes, cabbage, and sugar beets, it would be possible to secure an absolute control; and if there is no regulation, the organization might be unfair with the public.

When the Capper-Volstead law was enacted the farm organizations were relieved from the effects of the Sherman anti-trust law; but such organizations were placed under the control of the Agricultural Department.

In Ohio the first cooperative marketing law was passed before the Capper-Volstead law was passed by Congress, and in that law we had this very situation confront us; that is, while we wanted the farm organizations to be free from the antitrust law, so that the farmer could sell collectively, yet we did not want any opportunity offered

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HON. DAVID H. KINCHELOE—continued

wheat growers are against it. There is nobody for this bill who represents the cooperative associations except the two members appointed on the President's commission.

The bill provides a method of arbitration and a method for the settlement of disputes. If there is any dispute between two cooperative associations or any of the members thereof, which have registered under the provisions of this bill, they then have to submit their differences to this board for settlement. This board is given the right under the provisions of the bill to make its award, and even though such an award should not suit the representatives or members of the associations in dispute, the provisions of the bill require that such associations and its members must abide by the award and they have no appeal in the world, even to the courts of the land. This is a fine incentive to cooperative marketing.

The cooperative marketing association is a voluntary association. It is organized for the common good, and to pool enough of the products to control the market. It is a voluntary affair. Then every man who goes in has an equal vote in the selection of his directors, and those directors elect the officers. It is on a scientific business basis.—Extracts, see 8, p. 287.

HON. MARVIN JONES

U. S. Representative, Texas, Democrat

I HAVE searched for the farmer in this bill, and I cannot find him. I do not see where any good can possibly come to these organizations as provided in this bill. If the bill means anything, it means regulation. If you are going to license an institution for the purpose of regulating it, well and good; but they do not need to be regulated.

I believe everything that could possibly have any merit in this bill could be handled by the present Department of Agriculture if we appropriated a little more for the marketing and cooperative division of that department without the creation of an independent bureau.

The original bill (H. R. 12348) introduced here provided for a broadening of the exemption under the Capper-Volstead Act of all cooperative organizations. It was peculiarly drafted. It provided that those organizations may associate with themselves independent distributing agencies, and, of course, that would carry the exemption through to the independent distributing agencies and give them exemption from the Sherman Antitrust Act and the antimonopoly laws of this country. An effort was made [in committee] to eliminate the provision which exempted independent agencies, but under Sec. 5, it is still in the bill. In so far as they can bring themselves within the classification named in Sec. 5, the independent distributing agencies are exempt from those acts.

I believe that Sec. 5 ought to go out. All the licensing and register features of this bill ought to go out. If you are going to establish a system that gives information to cooperative organizations, let us give it to all of them that are going to operate. Why do you want to make them come down here and get the stamp of approval?

If one of these cooperative organizations violates the regulations issued by the board, the board may suspend that cooperative organization. That means financial ruin to that organization, no matter how sound it would be. As the bill is written the board might revoke the license

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HON. CHARLES BRAND—continued

for the cooperative to take advantage of the consumers, and in the Ohio law we placed these cooperatives under the control and supervision of the public utilities commission of the State.

There are cooperatives who want a law passed that will have no control feature in it. But, to my mind, such a law is unhealthy, and in the end against the producers of farm products in this country, because eventually, under such a law, there would be cooperative marketing associations that would be taking advantage of the consumers, and this would bring about opposition to co-operation and opposition to the laws that have been passed favoring the farmers, and in the end would be detrimental to this effort among producers to secure a fair share, and a fair share only, of the consumer's dollar.

I believe this measure will be beneficial in extending cooperation, and I believe it is absolutely wise and essential to have regulation.—Extracts, see 8, p. 287.

HON. FRED S. PURNELL

U. S. Representative, Indiana, Republican

I DO not agree with those who say that we are creating a great Federal board with plenary powers, which shall "pyroot" around among various organizations. If there is any pyrooting to be done—and I presume by that [is meant] nosing into the affairs of these concerns—it will be done at the request of the cooperatives themselves. If any cooperative organization of this country suffers by reason of this board it will be because it remains outside and not because it will or can be persecuted by it. I believe they will be materially helped if they come in.

We were all pleased with the report made by the Department of Agriculture of what has been done by the Department in the cooperative marketing field. If it has been possible with the limited amount of funds given the Department of Agriculture, with three or four experts to gather the information and give the helpfulness that the Department is able to give and has given to all cooperative marketing associations, how much more help can a board selected by the cooperatives themselves, made up of men who are familiar with this great work and having sufficient funds at their disposal, render the cooperatives throughout the United States?

This bill proposes to establish a board known as the Federal cooperative marketing board, to be composed of six members. Five of the members are appointed by the President by and with the advice and consent of the Senate, two for terms of one year, two for terms of two years, and one, to be designated as chairman, for a term of three years. The Secretary of Agriculture is the sixth member. Appointments of successors to the original five members are made for terms of six years. After the first year each appointment is to be made by the President by and with the advice and consent of the Senate from a list of 10 individuals who are nominated by the registered cooperative marketing associations who bring themselves within the Federal cooperative marketing system set up in this bill. The various associations which comprise the Federal system cast their votes for members of the board, and the President is required to

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HON. MARVIN JONES—continued

of a cooperative organization that was perfectly sound in its financial standing or was perfectly honest in its business management if the board thought it had violated one of its pet regulations. I submit that that kind of authority would be unwise.

Any cooperative organization that wants to do a dishonest business purposely and intentionally would not come in, would it? And one which does an honest, straightforward, and legitimate business could not afford to come in and could not afford to stay out.

The beneficial legislation which this Congress has passed with reference to the farmer as such has been the provisions of the Capper-Volstead law, which removed restrictions instead of tacking on more restrictions.

In so far as compulsory arbitration is concerned, the board might require that some man come all the way across the country and appear before the board in order to settle a dispute. Every business institution that is worth while if it is operated on a large scale provides its own method of arbitration. The exchanges have their own methods of arbitration; the commission men throughout my country have a system in their own by-laws and regulations by which they conduct their own arbitrations; and I understand that practically every cooperative organization that amounts to anything in this country has its field men and its provisions for settling its disputes with its members. Why take that away from them and put it within the dictation of a Federal Board?—Extracts, see 8, p. 287.

HON. MEYER JACOBSTEIN

U. S. Representative, New York, Democrat

THE primary purpose of the bill (H. R. 12348) is to stimulate cooperative movements in the United States. This is a wrong aim for farmer relief. Outside, and especially governmental, stimulation is likely to be a bane to the cooperative movement rather than a benefit.

New York State a few years ago set up a new bureau of cooperative associations to "stimulate" and speed up the organization of cooperatives. Approximately 100 of these artificially stimulated cooperatives were thus organized, all or most of which are now dead as a doornail. The "walking delegate" in this field of enterprise may do more harm than good.

Denmark is the shining example for the whole world in the cooperative movement. Almost every phase of agricultural activity has been successfully developed in this little country on a cooperative basis. This was accomplished without Government aid. By purely voluntary self-help methods the farmers learned how to do it over a period of 40 years. Cooperation has to come from within; it has to grow spontaneously; it must develop from local sentiment; it cannot be artificially forced. It takes time and education to make cooperation permanent and successful.

The history of cooperation in Germany and Holland bears testimony to the soundness of the principle of self-help. Here, as in Denmark, voluntary effort and not Government aid was largely responsible for the wide scope and the success attained by the farmer cooperative organizations.

In France, on the other hand, cooperation has lagged

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HON. FRED S. PURNELL—continued

make his nominations from the 10 individuals who receive the greatest number of votes. In voting and in making the nominations and appointments due regard must be given so that there will be one appointee who has knowledge and experience in the production and marketing of livestock, one in grain, one in poultry products, one in cotton and tobacco, and one in fruits and vegetables. Not more than three of the appointed members can be of the same political party. Thus it will be seen that after the board is once organized the cooperatives themselves will select the members of the board and thereby determine its policies.

Much has been said concerning the powers of this board. Let me detail them. Section 21 confers upon the board certain special powers as follows:

(a) To aid in surveys and investigations when application is made by groups of producers or by associations desiring to organize, and to make suggestions as to the type of organization suited to the problems of the group or association making application.

(b) To provide for registration of associations as members of the cooperative marketing system and to suspend or revoke their registration.

(c) To examine any registered association, and to audit its accounts if the association so requests, leaving it to the discretion of the board as to whether the audit is to be made with or without cost to the association. The board can require from each association, not often than twice every year, a sworn statement of the financial condition of the association.

(d) To provide a method of arbitration and settlement of all disputes and to require an association to abide by any award of the board.

(e) If application is made to consider and advise upon problems confronting any agricultural industry and to call upon any department of the Government for assistance in studying such problems, for statistics, or for other appropriate action.

(f) To call a meeting, at least once a year, of representatives of the registered associations to discuss questions of importance, such as the developing of an improved marketing system, grades and standards, elimination of waste, and volume of production.

(g) To cooperate with any department of the Government or any State or Territory or with any person.

A mere reading of the proposed powers of this board ought to be sufficient answer to the charge that we are contemplating any bureaucratic control of the cooperatives. On the other hand, it seems to me that there is in this section as well as the entire bill a clearly disclosed purpose to not only set up a purely voluntary plan of registration but to also leave with the cooperatives the right to determine their own policies.

The plan set up under this bill is voluntary. All cooperative marketing associations which qualify under the Capper-Volstead Act may bring themselves within the purview of this bill by registering. It must be remembered, however, that there is nothing in the bill to compel any cooperative association to register and there is nothing which will deprive any association which does not register of any of the rights, privileges, or immunities which it now has under existing law. If the cooperative association chooses to register, it in effect enters into an

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HON. MEYER JACOBSTEIN—continued

behind, in spite of generous assistance by the Government.

What is the present status of farm cooperation in the United States? We have at the present time over 10,000 cooperatives among farmers. These cooperatives are nation-wide and extend into every leading industrial area and function in the marketing of the leading crops of the country. Over 2,000,000 individual members are affiliated with these cooperative organizations. They do a business of over \$2,000,000,000 annually, which is about 20 per cent of the total market value of the leading crops.

It appears that there is no lack of cooperative enterprise among farmers in this country. Why set up a new bureau, with an outlay of \$500,000 a year, to "stimulate" further cooperation?

There are five distinct Government departments that look after the interests of the farmer and the cooperative movement in one aspect or another. In addition to the work of the Department of Agriculture there is the Department of Commerce, which made a survey and a report in 1922 of cooperation on the Pacific coast. The Department of Labor issues a monthly bulletin with a section on "cooperation." It issued a special bulletin on "Grain and Bread Marketing," which is considered by authorities a splendid report. The Department of State cooperates with foreign countries through the International Institute of Agriculture, which meets at Rome, attended by American delegates. Then there is the Federal Trade Commission, which issued a report, January, 1925, on "Cooperation in Europe." This same commission issued a report on the "Wholesale Marketing of Food."

Here you have at least five separate and distinct departments or commissions now at work stimulating "orderly marketing and farmer cooperation." Why set up another bureau?

Let us analyze the functions of this new board and see if there is going to be further duplication.

One of the functions of the board will be to make surveys. But surveys are now made by the Bureau of Agricultural Economics of the Department of Agriculture.

Another function of the board created by the bill is the auditing of the books of such cooperatives as voluntarily register with the board. The Bureau of Agricultural Economics devised a "System of bookkeeping for grain elevators." This system of bookkeeping has been used in part or in whole by some four thousand grain cooperative elevators.

A financial system was devised by this same bureau for livestock cooperatives. That this system has not been universally installed is due, in part at least, to the lack of funds available to the bureau for this purpose.

The bill seeks to assist the cooperatives in the matter of inspection and grading at shipping and terminal points. Anyone familiar with the work of the Department of Agriculture will readily admit that one of its outstanding achievements has been in the matter of inspection and grading of agricultural commodities. The cooperatives make use of this inspection and grading work now performed by the Inspection Division of the Department of Agriculture.

The bill before us would give the board authority to "advise and guide" cooperatives on economic problems.

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Farmers' Organizations Discuss Cooperative Marketing Bill

Pro

CHARLES S. BARRETT

Member, President's Agricultural Conference; President, National Farmers' Union; Chairman, National Board of Farm Organizations

DELIBERATE misstatements and selfish opposition have arisen against the recommendations of the President's Agricultural Conference for the cooperative marketing of farm products. Legislation incorporating these recommendations is in the form of the Capper-Haugen bill. This legislation proposes to set up a Federal board, selected by the farmers themselves, which board would not only promote and serve cooperative marketing associations, but would represent the interests of the American farmer.

It is stated by those who are opposed to this bill, that it would involve the Federal Government in the actual management of cooperative associations and would stifle and kill the cooperative movement in this country. The contrary is true. This plan, if authorized by Congress, will act as the greatest single effort ever put forth to help the farmer organize his own marketing associations in a sane and constructive manner. Furthermore, it may be the salvation of the cooperative movement, and the means of saving some of the cooperative organizations that are in difficulties at this time. During the past twenty years I have constantly opposed Federal domination in agricultural matters and I am vigorously supporting this measure for the very reason that it gives assistance and service to the American farmer through a board of his own selection.

As those who claim to represent the farmers, say they are opposed to all agricultural legislation, must we assume that no legislation is necessary? Are they truly representing the farmer? I know that the farmers want legislation as a means of restoring agriculture to a profitable basis. Every semblance of Federal interference is far removed from the Capper-Haugen bill. Let us consider the provisions of the bill. It sets up a Federal board of five members, to be appointed by the President from nominations made by the farmers themselves acting through their cooperative associations.

The question naturally arises, What can this board do for the farmer? Let us assume, for instance, that a group of farmers in Georgia wanted to organize a cooperative association, but did not know the necessary steps to take. Upon the request of these farmers, the board would make a survey and investigation as to the best type of organization suited to their purpose, and would then advise them and assist them in completing their organization. There is nothing in the bill requiring the farmer to follow these recommendations.

Upon application, and purely as a voluntary action, cooperative associations could register with the Federal board. Upon the request of an organization, it could call upon the board for an audit of its books, and each registered association would submit regular sworn statements as to its financial condition. What sincere cooperative leader would object to furnishing the members of his association with a statement as to the conduct of the organization or as to the condition of its finances?

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Con

AARON SAPIRO

Counsel, National Council of Farmers' Cooperative Marketing Associations

WE strongly object to the creation of any Federal agency for the purpose of regulating or supervising cooperative marketing associations or cooperative marketing developments.

There is not any reason for coddling cooperative marketing agencies any more than there is reason for coddling any form of industry in the United States.

There have been failures in cooperatives, but we should not forget that of all the businesses started in the United States, more than 84 per cent fail absolutely. We have not had anything like that proportion of failures in cooperative marketing associations. We have had a lot of failures. Every business has them. Sometimes the plan is wrong. Sometimes the personnel and management are wrong. Sometimes we hit a bad year, as in 1920. Sometimes we get destroyed, we believe, by our enemies. We have a great many failures, but that does not mean that we want or should become wards of the United States Government. I should say that the percentage of failures of the commodity type of cooperative marketing associations is much less than 15 per cent at the present time.

If this proposed Federal board were set up, it would have to do either regulatory work, or supervisory work, or recommendatory work.

In the last few years we have had some interesting experiments in this line. The Department of Agriculture has a Bureau of Agricultural Economics, of which we completely approve. This bureau has been trying to find the light on cooperative marketing. They had the old Bureau of Markets and they really tried to get the experience of the United States along this line. But there have been differences of opinion as to how the cooperative movement in the United States ought to progress, and these differences of opinion have been legitimate. Most of the opinion in the Department of Agriculture favored the localized development. Occasionally there would be an opinion favoring the commodity development. They very properly waited there until they could see how some of these commodity associations worked before they would commit themselves fairly. In the meantime the commodity associations did prove themselves.

Suppose that board had been in existence. The first time that anyone came up to present the commodity plan you would have had a flat refusal. You would have had such a discouragement as would have prevented the development of this commodity association idea throughout the entire United States. And yet the critics believe now that it is the one demonstrated system that is going to give true success to the farmer. The commodity principle is now accepted as against the locality system.

We believe that the creation of any bureau which has this enormous recommending and supervisory and regulatory power would absolutely be the death of any progressive things in the line of agricultural organizations. It is much better to have it as it now is.

Everybody recognizes that the Department of Agriculture serves within human limitations. They do not kick

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CHARLES S. BARRETT—continued

Farmers are entitled to the same knowledge as to the condition and management of a cooperative organization to which they belong as are the depositors in national banks. Scores of organizations have failed because of faulty handling of their finances. Proper audits would go a long way in keeping cooperative organizations out of financial difficulties. If an association is broke the sooner its members know it the better.

Then, again, let us assume that one of the organizations registered by the Federal board should have difficulty in finding a market for its products on account of overproduction. The association could call upon the board for an immediate nation-wide or world-wide survey to determine the best outlet for this surplus. The board would act as the sales representative of the organization in this or in foreign countries.

Perhaps this same organization might find it necessary to make specific recommendations to its members looking to an adjustment of acreage so that supply might more truly meet demand. To cooperatives this means a "production program." To undertake such a program today is in violation of antitrust laws. The Capper-Haugen bill, among other things, would legalize production programs and enable organizations to exchange information in order to not only regulate production but to bring about more orderly marketing.

The proposed board would not interfere with any governmental department or agency, but it would have the power to call upon any Government department for assistance in handling any problem confronting any agriculture either in production, distribution, transportation, or finance. It could call for assistance from the Departments of Agriculture or Commerce, from the Federal Trade Commission, the Interstate Commerce Commission, the Tariff Commission, or any other agency of the Government. The board would be independent of any Government department and free to act quickly and without any of the encumbrances so frequently noted in Government agencies.

The board will be the direct representative in Washington of the farmer selected by the farmer. Farmers could place their problems and difficulties before the board and either get action or select others to represent them. Adoption of this plan means that farmers will choose their own representatives on a board, clothed with all the power of the Federal Government to see that the laws enacted for the benefit of agriculture are properly administered.

Important information from foreign countries as to the probable demand for American products or the possible competition with other countries as received by the Department of Agriculture or other agencies would be interpreted by the board and sent to associations in the shortest possible time. Cooperative associations would be kept in touch with the market needs in this and foreign countries, thus giving to farmers practical interpreted information which they have needed since American agriculture was first faced with its present economic problems.

These are only a few of the many services which would be made possible under the proposed law.

The President's agricultural conference is proposing through the Capper-Haugen bill to set up for agriculture the same kind of an agency that other industries have perfected through trade organizations to look after their

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AARON SAPIRO—continued

our heads off if we come out with something new. They do not always support it, but they do not pose as the great centralized specialists on that subject. Thus we sometimes are able to accomplish the thing while they are waiting to watch the result of the experiment.

Next, in the conference report itself there is mentioned the fact that there was an enormous amount of jealousy and interference between departments. That is true. Our cooperatives have suffered from that, and we have had it thrown on us time after time. Why set up another board and increase the points of friction? We are strongly of the opinion that instead of attempting to set up another group there should be simply given the usual, or further, appropriation to the Department of Agriculture so as to enable them to make their Bureau of Agricultural Economics more effective in its investigations and in its recommendatory powers.

The conference report proposes giving this board the power of audits. I think some one has a wrong idea of where the trouble rests with cooperative marketing associations. I do not know of a single cooperative marketing association today which is in trouble for lack of audits, or lack of proper bookkeeping systems. Every cooperative with which I am connected, has a provision under which it must have either semi-annual or annual audits made by a firm of certified public accountants. In addition to that, the standard act in 32 States provides that it must file an annual statement with some officer of the State detailing their financial situation. Now, all of this business of investigating conditions and recommending things to the farmer can be much better done by State effort than by National effort. Take the case of Illinois: The Illinois Agricultural Association, which is the Farm Bureau Federation of that State, has itself set up a system and is showing the little local elevators how to audit their accounts. The people in the State organizations are nearer to the growers. They deal with it from their standpoint or from the State standpoint, and the State standpoint is nearer to them than the national idea. You can not expect a man at Washington to know how to organize either as to the method or the commodity so well as the man in the State.

There is a suggestion made that we ought to have an examiner going around, just as we would have Federal bank examiners going around examining national banks. I want to know whether there is any recommendation that these examiners should likewise go about and examine the affairs of the United States Steel Corporation, or institutions of that kind. The Steel Corporation has a great many stockholders, and it is the largest marketing association, probably, in the United States. There is no excuse under the sun for doing this just for cooperatives. I rather strongly object to it, because the whole thing involves the suggestion that the cooperative marketing associations need some particular examination or supervision, or particular inspection, and will not be fair or solvent unless they get it. They do not need it any more than the United States Steel Corporation needs it, because they are conducted just like any good, sound, big business is conducted.

The next recommendation is that this board shall have the right to establish grades and standards for the products of the country. Now, that is actually being done by

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CHARLES S. BARRETT—continued

interests. It is not expected that the proposed law will be a panacea for all agricultural ills, but it is one of the things necessary to establish agriculture on a sound basis.—Extracts, see 8, p. 287.

RALPH P. MERRITT

Member, President's Agricultural Conference; President and Managing Director, Sun-Maid Raisin Growers of California

THE statement under "A" [in the Conference report] calls for the giving to an agricultural cooperative marketing organization the right to create a productive program. There are many people who are friends of the farmers who are advocating production programs. Various department of the Government are giving what they call outlook reports which tend to indicate to the farmer whether he should produce more or less of a commodity. Yet, today, a cooperative marketing organization which goes to its members and says to them, "We are producing too much of our commodities. We ought to produce less," is subjected to indictment by the Government.

It was felt that a sound agricultural program would not call for a statement by the Government as to what the farmer should produce, but would call for giving accurate statistics by the Government and the drawing of the right conclusions from those statistics by the cooperative marketing organization which was involved, with the organization given freedom to say to its own people what it thought the organization and the members should do with respect to productive programs.

We have in mind that the cooperative organizations should not be exempted from the restraint of trade laws any further than they are now exempted by the Capper-Volstead Act, except in so far as perishable producers and perishable cooperative organizations are concerned; and that they should be allowed in the distribution of their commodity to have a certain exemption from the technical steps of the restraint of trade laws, for the reason that it is impossible for such people to violate restraint of trade laws, owing to the fact that the commodity they ship and produce is perishable and can not be held off the market for the purpose of increasing prices.

Many groups of producers throughout the country have entered the cooperative field, without knowing anything about the distributing end and it has been impossible to find out about it, for the reason that they were far removed from it.

The perishable producers of the Pacific coast are 3,000 miles away from their market and they have no means of ascertaining the facts as to the distribution problems, except by very incomplete attempts, sometimes by sending inexperienced people 3,000 miles to look over these markets. But they have felt that the proper thing to do was to ask the Government for a business survey of the problem of distribution, and having secured that, the responsibility should then rest with those producers to make such use of that survey as, in their opinion, the facts would justify.

The last part of subdivision 1, "for such purposes producers and distributors of such products may cooperate with such associations", simply means that when a co-

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AARON SAPIRO—continued

the Department of Agriculture today, and I think it would be a fundamental blunder to separate that from the activities of the Department of Agriculture. There is ample power to establish grades, and the Department of Agriculture is doing it efficiently and intelligently. It is doing it with fine cooperation from these organizations and farm groups, and I see no excuse at all for changing it, unless it should be a desire to give that marketing board something to do that would justify its existence.

There are enough laws on the statute books today, both State and Federal, except laws dealing with production credits, to enable any kind of true cooperative to be formed and to be operated efficiently anywhere in the United States.—Extracts, see 8, p. 287.

NATIONAL COUNCIL OF FARMERS' COOPERATIVE ASSOCIATIONS

Resolution passed at annual convention, held January, 1925, at Washington, D. C.

WE believe that cooperative marketing associations should be organized by the farmers and owned and controlled by them; and in proof of their ability to intelligently and successfully manage their own business, when properly organized along lines of sound commodity cooperation, we call attention to the fact that there has been a smaller percentage of failures among the cooperative organizations brought into existence in recent years than there has been in any other business activity in the life of our country. This record of accomplishment conclusively demonstrates the ability of American farmers to organize and successfully manage efficient cooperative marketing associations. Our experience has demonstrated that cooperative marketing associations, to be successful, must arise naturally out of the needs of farmers, and that it is not wise to artificially stimulate such organizations by any sort of governmental aid, special favoritism, or subsidy. We hold ourselves always open to governmental inspection of methods and operation. We have nothing now to ask from the Government except a sympathetic, understanding administration of the laws and regulations which are already in force for the assistance and supervision of cooperative marketing associations.

J. N. KEHOE

Vice President, Burley Tobacco Growers' Cooperative Association

IN harmony with the resolution [quoted above], and in keeping, as I understand, with the thought of that convention, I hold to the proposition that we now need no additional legislation. I think the farmers of the country appreciate what the Congress and the various legislatures of the States have done for them by way of legislation. There is already in effect now in about 30 of the States comprehensive, clear cooperative laws authorizing and empowering the farmers to cooperatively conduct their business.

We feel that the Clayton amendment and the Capper-Volstead Act and the establishment by Congress of a line of credit have given us all that we now need, except the matter of credit. I think that the cooperatives are getting

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RALPH P. MERRITT—continued

operative marketing organization desires to lay out a program of distribution, or a program of production, and should, under its own leadership, invite others to concur in that program, those people who are invited to concur should not be prosecuted under the law for doing it on behalf of the producer. The conference felt there was no danger involved in that, for the creation of an orderly program of marketing would be to the benefit of the producer and the consumer, if it were a proper orderly marketing program. The trouble with the commercial distributors, as a rule, as we know them in practice, is that they do not want to enter into an orderly marketing program.

If a commercial distributor wanted to enter upon an orderly marketing program, it would be bound to be beneficial to the producer and the consumer. If we can get the commercial distributors to adopt an orderly program of marketing, we will go a long way toward perfecting the cooperative organization.

Orderly marketing takes its start from the producer. The point of orderly marketing in the hands of the commercial agencies today is that their distribution to the trade or consumer may be orderly, but the taking from the producer is not orderly. It is taking at one time, and that, of course, is where the trouble starts.

The thing that was in the minds of the conference was that there should be no privilege given to the distributors of a commercial character that would be greater than they have today, except one, and that is that in these programs of orderly production and orderly distribution, under the leadership of a cooperative organization, they might join in such a program and, in doing so, would not be subject to prosecution by the Government.

The term "orderly marketing" as used by the conference does not contemplate a determination of the marketing of one-twelfth or one-tenth or any other particular amount in one month. It contemplated putting into those channels of distribution a year's crop, prior to the incoming of the next year's crop, in such a way as to be to the best advantage of the producer and without unduly enhancing the price to the consumer. The Cooperative Cotton Marketing Association now functioning in the South plays one of the most important parts that is played in the entire agricultural field; because, with their 16 foreign offices, they are in touch with the needs of the world. Taking your example of 2,000,000 bales of surplus cotton, they would know, perhaps, that Germany would buy in the month of February, or that Japan would buy in the month of December, and they are in a position to put that surplus cotton into distribution according to the needs of the world.

I know of no better example of orderly marketing than you can find through the American Cotton Growers' Association as they are now set up, not only to distribute domestically in the United States, but in foreign markets, with their close contact with foreign needs.

It is an important matter for somebody to decide whether there can be such a thing as regulation of production. Some people think there can not be any such thing, and some think there can be. But I am of the opinion that if we had undertaken to regulate production of wheat a year ago we would have said to the wheat farmer, "Cut down your production of wheat." And they

*Continued on next page***Con—continued**

J. N. KEHOE—continued

along splendidly, better than any other character of business in the history of our country. We are plowing new ground, it is true, but we are getting along fine. There is no necessity for a national board, as I see it, to supervise our activities.

We do not want any business supervised and controlled by the Government. We are willing to stand on the same footing, and fight out in the courts and through the Federal Trade Commission all unfair trade policies when they are undertaken to be exercised against us.

I agree with the idea that the farmer of the United States does not want any advice. He does not need any board to advise him; he is surfeited with advice. What he needs primarily is finances now, and that is all he will ever need. What he has needed was the right to organize and an understanding of the necessity of organization. He must organize, because all other business is organized, and he is trying to get along against all organizations, and he has not been able to get away with it, and never will be able to get away with it until he is organized. But when he is organized, he must have sufficient financial facilities. If I were a Member of this Congress, I would be directing all my efforts to an extension of ample credit to the farmers of the United States. I would be finding some way to establish cooperative banks whereby they would not be compelled to rely upon city banks or other banks. I am president of a bank with three millions of deposits in a country town, and I know of the difficulties of the farmer on the financing problem. He ought to have an independent agency whereby he can finance himself with some kind of bank.

We could not have gotten along had it not been for the existence of the intermediate credit bank, and originally the War Finance Board. We never would have succeeded had it not been for the credit we secured through those agencies. All we want now of those agencies is an intelligent and liberal construction of the law that Congress intended we should have the benefit of.

I do not think the Dickinson bill is of any value, because it is along advisory lines. Nobody cares about it, except that there is no sense in loading the farmer up with an expense. It provides an appropriation of \$500,000, a large part of which he has got to pay, and it places intermediaries between the cooperatives and the departments of the Government. Now, a cooperative properly organized and managed does not need any intermediary. If the officers of a cooperative association have not got sense enough to come to Washington and go to the War Finance or Intermediate Credit Bank, or to the Agricultural Department and present their case and get what they want, then they are not properly managed and can not succeed. In the end, it depends upon proper management of these cooperatives.

This board could only compile information, and all that. We have had no difficulty whatever in getting information from the Agricultural Department, nor assistance in any way. They will even prepare charts for people who want to form cooperatives, instruct them as best they can how to do it. We have had no trouble with the Department of Commerce giving information as to foreign markets and other matters. We have recently taken a man out of that department and put him in our employ, sent him to Europe to see if he could not sell our

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RALPH P. MERRITT—continued

would have cut down their production of wheat, and then when we came to the recent rise in the market, a Governmental agency would have been severely criticised for undertaking such a thing.

The farmer did not get much of the recent rise in prices in wheat, and for the reason that he did not have before him the information that he should have had before him last August, and which everybody around the trade had, which indicated that wheat would have a rise in value during the coming months, and when the farmers of this country marketed over 100,000,000 bushels of wheat between harvest and election day more than he did during the previous year, it showed that he was either under economic pressure, or else did not know the facts.

Our measure is set up so that the farmers can get all this information, and they must get it in simple language so that they can understand it, when they come here to Washington to obtain the facts.—Extracts, see 3, p. 287.

LOUIS J. TABER

Member, President's Agricultural Conference; Master of The National Grange

THE grange has been a believer and an advocate in cooperative marketing for more than half a century. The grange desires no special Government favor or assistance of any kind; they simply desire legislation that will put the individual scattered farmer, with his small capital and his individualism, on an equality with the larger business units of the country. That is the way we approached the question on the commission.

I want to emphasize that the conference has no bill. We have indorsed some principles, some of which were in the Aswell bill, some in the Tinchler bill and some in the Dickinson bill, and other bills. I agree with Mr. Merritt that the Williams bill approaches our principles, and I agree with Mr. Carey that the [Haugen bill] represents what we have suggested more nearly than anything else, except that it leaves off the Secretary of Commerce. There is one difference between the Haugen bill and the Williams bill. The Haugen bill approaches the problem from the standpoint of the Capper-Volstead Act and the Williams bill approaches the problem without reference to the Capper-Volstead Act. Cooperatives by the score, large and small, already indicate to us that they did not have the ability to carry out a proper production program, and orderly production is as essential to farm problems as orderly marketing. Orderly production is affected by intelligent information, and we ought to have the machinery to bring that intelligence and that information back to the tiller of the soil. My personal opinion is that legislation for agencies that will have a tendency to develop cooperative marketing control, that will bring the products of the farmer's toil within his own marketing agencies, is important legislation at this time.

There are several obstacles now which prevent the farmer from organizing cooperative associations. One is the propaganda of people that make their money out of selling cooperative inspiration. Another is the lack of some agency that will stop fly-by-night and improper cooperatives. The third is the lack of some agency that will give us something that will enforce proper audits, and

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J. N. KEHOE—continued

tobacco over there. We are going on with our business in an orderly way. No man can belong to it unless he is a producer of our commodity. Our directors are selected by our members—men in whom they have confidence. With the changing problems of business affairs from day to day, one thing today and another tomorrow, if we had to run down here to Washington and get consent of anybody before we could do anything, it would take out of us all heart to try and do anything. If I had to do that, after all the years I have given to the building up of this thing, I would quit the game before I would do it.—Extracts, see 4, p. 287.

CHARLES W. HOLMAN

Secretary, The National Cooperative Milk Producers' Federation

THIS bill (H. R. 12348) contains features objectionable to our member associations.

1. The bill creates a Federal board which, for at least two years, may be composed of men who are not experienced in cooperative marketing and who are not truly representative of the cooperative marketing groups.

2. The nomination of members of the Federal board from whom the President shall make the appointment, after the first board, is restricted to the vote of registered cooperative associations. It is not even necessary that these associations be actively marketing in interstate commerce. Such a method is objectionable in that it is conducive to self-perpetuation of a board.

3. The registration provision is unnecessary, impractical, and dangerous. Cooperative associations will be forced to register in order to obtain the voting privilege and on account of adverse propaganda by their enemies. In order to grant registration the board, among other things, is required, in section 23, to make a determination "that the financial standing and business methods of the association are sound." A proper investigation will require auditing of the books of an applicant and a complete inquiry into its operations and all the economic conditions under which it is operating. Such an investigation—if any considerable number of the larger associations now operating made application for registration—would necessitate expenditures far beyond the appropriation in this bill and require a long period of time, during which the applicants would be in a state of uncertainty as to whether their application would be granted. An adverse determination in the case of a cooperative now in operation might be disastrous, although otherwise the association might be successful.

A favorable determination improperly made would be equally dangerous, because registration carries with it the stamp of approval by the Government of the financial stability and business methods of the applicant. This situation might easily lead to misunderstandings and severe losses to many farmers.

While registration is not compulsory, as above stated, the various associations will probably be forced to apply. No other group of American business comparable with the cooperatives is being subjected to such hindrance and regulation.

In effect, this registration clause establishes an economic supreme court, without review, with power to

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The Dickinson Substitute Bill

Pro

HON. L. J. DICKINSON

U. S. Representative, Iowa, Republican

I WANT to say in behalf of my bill that it is meant to function in cooperation with the Department of Agriculture.

I think that our Bureau of Agricultural Economics can be enlarged and its activities enhanced by having a marketing board such as is suggested here to work in cooperation with it.

The essential difference between my bill and the administration bill, is this, that I omit the licensing and regulatory provisions. I have always heard that the temperament of the patient had a great deal to do as to whether or not the medicine was effective, and if you attempt to cram something along regulatory lines down the throats of the cooperatives of this country that have been organized in the past 10 or 15 years, and tell them "Whether you like this or not you are going to take the dose, because it is good for you," you are going to get a resistance on the part of the cooperative concerns of this country that you will not overcome for 25 or 30 years, so far as cooperative marketing is concerned.

The reason I believe my bill should be preferred to the other bill is the fact that I am trying to build from the bottom up, having good advice all along the line, and the farmers and their organizations are injected into this organization in a way that they are going to have something to say about it. The farmer wants to be a part of his own organization and if you do not allow him to be a part, he is not going to cooperate with you.

There is some complaint that we give the farmers the choice of their representatives under my bill. That is just what I wanted to do. The farmer knows the marketing problem of this commodity better than the fellow that sits up here in Washington, and he ought to be permitted to come in here and say what is good for his organization. That is the reason I provided for a council that comes here as an advisory board, selected by the farmers themselves.

Both of these bills create a board. I think my plan is preferable to the plan suggested in the administration bill, by reason of its connecting in of the various organizations. As to what authority the board should have, I do not believe that the best authorities on cooperative marketing in this country today want Government regulation and the licensing provision.

Some cooperatives are in distress, it is true. But the question is whether this Government wants to assume responsibility of saying "We are going to take over the management of your affairs and tell you how to do this business," or are we going to go out with them and help them study the problem and encourage them to make endeavors along these various lines? We know that the amount of farm products now marketed cooperatively is a great deal larger than it was 10 years ago.

I am not in favor of the Government assuming the responsibility of becoming the financial guardian of all cooperative concerns of this country, or going out and auditing their books for them. I do not believe that we are in a position now to discourage all of the cooperative concerns in existence in this country by enforcing regulatory provisions on them.—Extracts, see 4, p. 287.

Con

HON. ROBERT D. CAREY

Chairman, President's Agricultural Conference; Former Governor of Wyoming

THE President's Agricultural Conference, after studying numerous bills, made recommendations covering cooperative marketing, which recommendations the House Agricultural Committee attempted to embody in what is known as the Capper-Haugen bill.

In this Dickinson amendment that was substituted for the Haugen bill, I can not find anything that follows the recommendations of the conference. I think this bill is as clever a piece of camouflage as I have ever seen, and if you will study the bill section by section, you will find that there is nothing to the bill except to put cooperative marketing into the Bureau of Agricultural Economics of the Department of Agriculture. In this bill, to disguise its real purpose, they first create a cooperative marketing advisory council to be made up of representatives of the leading cooperatives whenever they are federated into a national organization. This advisory council shall consist of not to exceed 50 members. These gentlemen are to make two trips to Washington a year, and draw \$25 a day while there. I think those who object to boards should certainly object to this. I have never heard of a government board of 50 as is created in this bill.

This advisory council, as they call it, then recommends a cooperative marketing board, or nominates men for this board to the Secretary of Agriculture, and the Secretary of Agriculture in turn sends these nominations to the President, and the President selects four out of the eight and they become the cooperative marketing board. They have advisory powers, but the head of the Bureau of Agricultural Economics has the absolute veto power under this bill, and everything must be done through that bureau. In fact, in this bill the appropriation is made to both the board and the Bureau of Agricultural Economics.

The Bureau of Agricultural Economics can do everything under the present law that they can do under this proposed law. The only difference in this proposed law and the present law is that it created one board of 50 members and another board of 4 to advise with the Bureau of Agricultural Economics. I think it would be much better, if the Bureau of Agricultural Economics is to have charge of cooperative marketing, as it does under this bill, that Congress should merely increase the appropriation to the Bureau of Agricultural Economics, and let them do the work. There is no necessity for the creation of two boards merely to request the Bureau of Agricultural Economics to do something. I think the bill is most indefinite as to the manner of choosing this advisory council, as to which of the cooperative associations, referred to as the leading cooperatives are. It is indefinite in that certain commodities can have as many as three representatives on the board. The method provided for the selection of these boards would mean endless conflicts between the different organizations and factions that desired to be represented.

When you pass this law you turn this work over to the Bureau of Agricultural Economics. I am opposing the bureau, not because I do not think they have done good work, but because I do not think that marketing is in their line. I think cooperative marketing should be handled outside of that bureau.—Extracts, see 4, p. 287.

Is Present System of Wholesale Distribution of Fresh Fruits and Vegetables the Best System?

Pro

THE JOINT COUNCIL

Composed of the National League of Commission Merchants, The Western Fruit Jobbers' Association, and The International Apple Shippers' Association

FREQUENT attacks have been made on the commission merchant and wholesale distributor of fresh fruits and vegetables. The present system of distribution has been assailed as the most wasteful and extravagant system known.

The present system of distribution is the product of competition, knowledge, experience, initiative and the play of fundamental economic principles operating through many years. Its very existence proves its fundamental soundness. The industry is searching for changes that will make for sound advancement and will always be found ready to co-operate in any movement leading to better and more economical distribution.

To the casual observer the mature fruit on the tree or the vegetable in the field may appear to be largely the result of an act of benevolent Providence. The placing of this fruit or vegetable on the table of a consumer three thousand miles away may seem to be a simple operation. Consider, however, some of the operations necessary to the production of fruits and vegetables and some of the items entering into the cost of distribution.

The commercial fruit grower has many things to do before picking beautiful and perfect fruits. He must spray, prune, fertilize, cultivate, and perform innumerable operations to bring his product to maturity. He must wait years for his trees to come into bearing, meanwhile contending with frost, drouth, insects, winds, and many other difficulties. The progress of the mature fruit from the time it hangs on the tree until it reaches the ultimate consumer cannot be accomplished by magic. The commodity must be picked, packed, protected against heat and cold, graded or sorted, often re-packed or re-sorted, carted, often placed in common or cold storage at the point of origin, in transit or at destination, transported and distributed. Distribution must at all times receive personal supervision and attention. Literally dozens of factors and necessary items of expense enter into the production and distribution of fruits and vegetables. By whatever method fruits and vegetables are distributed all of these factors and expense items will be encountered in some form or other before the commodity reaches the ultimate consumer.

These cost items must be met by whoever performs wholesale distribution, whether it be the Government, grower or present wholesaler. If the distributor undertakes to grow fruits and vegetables, he must perform the same operations that the grower performs. If the grower or any other agency undertakes the work of distribution, he cannot escape certain definite and necessary cost items which enter into distribution.

Two distinct and independent factors primarily govern the final results in this industry, to-wit: first, the law of supply and demand as applied to the commodity itself, and second, the fixed charges of production and distribution.

So far as the profit or compensation of the commission

Continued on next page

Con

B. F. YOAKUM

Prominent Railroad Man; Author of "The Yoakum Plan for Agricultural Relief"

THERE is nothing in the report [of the President's Agricultural Conference] which suggests any change whatever from the existing conditions and methods of handling farm products. In fact, it places behind the present food speculators the power of the Federal Government, permitting them to carry out the same policies as prevail at present in handling farm products.

An analysis of the so-called administration bill [the Williams bill] shows that it is legislation by the interests, the wholesalers, the brokers, the commission men, those protected interests, who have the predominating control in the handling and marketing of the products of this country. This bill would so strengthen the oppressive powers who are now in control of prices paid to the farmers, that the farmers would be left with the choice of either losing their farms through foreclosure or deserting them.

This bill is vague. It makes it impossible to determine just what its authors are trying to accomplish beyond the fact that it does provide for Government supervision of the farmers' business. And when you say that, you say pretty nearly everything that is to be found in this bill, because the balance of it is impracticable. It is claimed that your proposed terminal marketing association does not fix price. I would like to know how, without price fixing, there would be any marketing? If you are going to buy a pair of shoestrings, there is a price on them. No article, large or small, could be marketed without a price. That is the first thing that is considered in marketing, whether farm products or anything else. You can not avoid fixing prices if you have anything to sell. When it is stated to the American people that a Federal marketing board with all of its great power, together with the three subsidiary organizations under it, can get along without price fixing, it is absurd.

Take, for example, Texas. The average that the farmer received for Thanksgiving turkey was 22 cents a pound. The freight was 2 cents a pound. That rate is established by the Government, so there is no use discussing that. That made a total of 24 cents a pound. The turkey sold for 75 cents to the consumer. The commissioner [E. J. O'Malley, Commissioner of Public Markets, New York City] stated that the dealer had held out in the freight yards of New York and vicinity 200 carloads of turkeys and other fowl for the purpose of putting up the price. There was a profit of 400 per cent that these fellows made in three days against the farm women of Texas who spent a year raising the turkey. All the money in agriculture is made in the marketing end of it. There is nothing made at the producing end.

The farmers of Georgia and Alabama last year had 5,000 carloads of peaches that went to rot in the orchards. Why? They could not sell those peaches to the dealers for enough to pay their boxing and their freight.

There are 50,000 carloads of watermelons raised in the South and shipped. The farmers receive an average of

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Pro—continued**THE JOINT COUNCIL—continued**

merchant is concerned his charges have not been changed for years. They are now at the pre-war rate and were at all times during and since the war. They were not permitted to advance rates under the Food Administration and, even if they had been permitted to do so, they would not have been advanced because of competitive conditions. The outright purchaser's or wholesaler's return is determined entirely by the law of supply and demand. He cannot pass on his costs.

The record of 9,476 purchased and consigned cars of fresh fruits and vegetables in six of the important markets of the country from the time they left the producer's hands until they reached the retailer's hands indicates the following division of the dollar: Of the total sales, 33 per cent went for freight and express, and 60 per cent to the shipper, making a total of 93 per cent which went to the carriers and shippers. 4 per cent went for actual and miscellaneous handling costs. This left a balance of 3 per cent for the wholesale handler to meet operating expenses.

As an illustration of the conclusions of those who have investigated and who have a practical knowledge of the industry, the following quotation is given from an address delivered by the late Mr. G. Harold Powell in New York in December, 1921. Mr. Powell at the time of this address was General Manager of the California Fruit Growers' Exchange of Los Angeles, and was considered one of the greatest authorities on the subject of marketing fresh fruits and vegetables. The Exchange during the past eighteen years has done an f. o. b. business of approximately \$443,000,000, all of which has been handled by and done through the wholesale distributing trade. Mr. Powell said: "This Exchange has no idea of eliminating the wholesale merchant. It cannot be done. It is impractical. We specialize in shipping oranges and lemons. We cannot go to retailers or consumers direct, and no other organization that specializes in one or two products can do it and succeed. The overhead would be too great. Our products must go through the proper channels of distribution. The merchant that handles them handles other commodities. He spreads his business out over perhaps a dozen different commodities. Therefore, his overhead is taken care of. If he tried to specialize in one or two articles, the expense would be so great that we would fall of our own weight."—Extracts, see 10, p. 287.

Con—continued**B. F. YOAKUM—continued**

about 6 cents per melon. Of course, there is some variation in that. However, that is if they can sell them at all, if they do not rot in the fields. The railroads charge 18 cents for bringing them to the market. The consumer pays \$1.25. Of that, the farmer has received 6 cents, the railroad 18 cents, and the balance is cost of distribution.

Mr. TINCER. What legislation, if any, by Congress can take care of such a proposition, in order to prevent the dealer from getting \$1.01 out of the retail price of \$1.25, with the producer getting only 6 cents?

Mr. YOAKUM. There is only one way. That is permissive legislation and not obligatory legislation. What is needed is legislation to permit the farmer to attend to his own business. The remedy is a national charter granted to those engaged in farming, to handle their business nationally. There are 48 States, and these 48 States can not handle the business of agriculture. Agriculture knows no State line. Farmers would sell [their watermelons]. They would fix their price for selling them. They would control their selling price. They would not allow 25,000 or 30,000 watermelons to come to New York and be thrown out on the meadows, as is being done.

Mr. TINCER. Then, the Yoakum bill which creates a Federal corporation is, in effect, a price-fixing corporation for the farmers?

Mr. YOAKUM. It is a price-controlling proposition. Everybody else fixes their price. Is it a great sin against the law for the farmers to say, "My peaches are worth so much and if you want to buy peaches, here is the central agency that is selling these peaches"?

Unless you go right down into the real merits of this case you do not know how many people are living off the farmer. We will start out with the wholesale man. He gets a good profit. Then it goes to the jobber, and he gets a good profit. Then it goes to the distributor in the community, and he must get a good profit. Then it goes to the retailer, and he must get a good profit. That is spread. When you take a spread of \$50 and multiply it five times, there is not so much money to any one. We fool ourselves in our figures on that.

It is an unregulated method of handling business, where everybody who wants to make a living so entrenches themselves, and takes something out of the farmer's product.—Extracts, see 3, p. 287.

Secretary Jardine's View of Farmers' Problems—continued from p. 263

lems as they arise, for improving the rural life of the nation, for insuring a better understanding of national and international problems—this realization, implanted by leaders and future leaders, in the minds and hearts of the farm people of the United States, will do much to insure not only the success of cooperation, but increased prosperity and stability for the nation.

The problems confronting agriculture have developed through a long period of agricultural experience. They cannot be solved from the outside, but only by the farmers themselves who know the problems thoroughly through having been brought into contact with them time and again. Nor can farmers solve these problems by individual effort. Organization is essential. The poten-

tial place of agriculture and rural life in this country can be realized only through the united interest and effort of all who are concerned with it.

This obviously does not mean exclusively farmers, although they must take the lead in cooperative effort for agricultural purposes. We must at the same time make clear to business interests, to labor interests, to all other groups in the population, what the purpose and methods of agricultural cooperation are. Once they clearly understand these, they will realize that the national interest is to be served by cooperation, and they will be ready to add their interest and sympathy. We must not be so intent upon perfecting cooperative method that we fail to make the movement articulate to the people of the United States as a whole.

Glossary of Marketing Terms

The terminology of marketing is not standardized. Some of the more commonly used terms are offered in the following glossary. The reader should, however, bear in mind that even these terms are not used in exactly the same sense in all parts of the country.

Allowance—The reduction in price which a shipper makes to a buyer in order to induce the buyer to accept a car that the (the buyer) has rejected.

Auctions—Organizations (usually incorporated as stock companies) which sell fruits at public sale to the highest bidder, charging a definite fee for this service.

Auction terminal charge—A package charge levied on the buyers by some auctions. Supposed to cover the expenses of opening sample lines for inspection and general expenses of the auction company.

Bill of lading—A written statement issued by a carrier acknowledging the receipt of goods for transportation. A "straight" bill of lading simply authorizes the carrier to deliver the goods to the consignee at destination. An "order notify" or "shipper's order" bill of lading requires that an order be issued by the shipper before delivery of the shipment can be made.

Brokers—Agents who negotiate the purchase or sale of goods. They have no financial interest in the goods they handle and their compensation is a definite fee.

Broken car—A trade term referring to a car from which a part of the contents have been removed.

Car-lot assembler—A term commonly applied to country merchants or buyers who purchase in small lots and combine into car-lot quantities.

Car-lot wholesalers—Distributors who buy outright fruits and vegetables in car-lot quantities, and who sell to the jobbing or retail trade.

Car peddling—The practice of growers accompanying cars of produce to markets and selling from the car door in the railroad yards.

Commission merchant—A dealer on the market who receives shipments on consignment and sells to the best advantage, remitting the proceeds to the shipper after deducting freight, drayage and other expenses, and a specified commission.

Consignments—Shipments forwarded or delivered to a representative on the market to be sold or disposed of by him for the account of the shipper.

Cooperative elevator—A cooperative elevator is a grain elevator owned and controlled by producers, and operated not as a profit-making enterprise, but to furnish marketing service to the producers.

Country buyers of special products—Buyers located at central points in districts producing special crops, such as potatoes, who buy on their own account and ship in car-lot quantities.

Country collecting agents—Country dealers or buyers who drive from farm to farm buying on their own account small quantities of produce and assembling them into larger units.

Delivered sales—Sales in which the terms specify that the goods shall be delivered free of charge at a specified point.

Distributors—Individuals, corporations, or associations whose business it is to route, distribute, or market agricultural products.

Diversion point—A point at which the carrier will permit the destination of a car to be changed, so located geographically that it is possible for the consignor to change the routing of the car before it reaches this point.

Dockage—Weedseeds and other separable foreign materials in wheat constitute dockage. It is the cause of serious leaks and wastes in the grain marketing system.

Draft—A written order from one person to another to pay to the order of the drawer or of a third person a stated sum of money. In the marketing of perishable products the term "draft" is used most frequently to designate that document which is attached to the bill of lading and forwarded through the banks for collection.

F. o. b. point of origin—Indicates that goods must be loaded "free on board" cars at point of origin by the shipper. **F. o. b. destination**—Indicates that freight to destination must be paid by the shipper. **F. o. b. usual terms**—Same as "f. o. b. destination."

Farmers' elevators—A farmers' elevator company is usually organized with capital stock, shares frequently being held by local merchants, bankers and others, as well as by farmers. These elevators usually serve the community around a given point, although one farmers' company may own elevators at several points. The farmers' elevators follow very much the same plan as the privately owned elevators in that grain is bought from the farmer for cash, the price being based upon the price at the terminal market less transportation and handling charges. There are now some 4,000 farmers' elevators. Fifty-six per cent of the grain arriving in Chicago comes from farmers' elevators. Country elevators in the United States are as follows: Line (commercial) 7,000; Farmers 4,000; Independent 6,400; Mill 2,600; Total 20,000.

Grain elevator—A grain elevator is a specially constructed warehouse, at which grain is received and elevated into bins. Country elevators receive, store, clean, mix and load grain in cars for shipment to mills or terminal markets. Terminal elevators receive, store, clean, and mix grain, and reship it for export or to mills.

Jobbers—Dealers at distributing centers who buy, usually in less than car-lot quantities, from car-lot wholesalers or commission merchants and who in turn sell to the retail trade.

Margin—Difference between the buying and selling price.

Middlemen—According to popular usage this term applies to all those who share in the profits and losses incident to the handling of goods between the producer and consumer.

Operators—Large wholesale firms which send their buyers or solicitors into producing sections and which, through representatives or branch houses in several large markets, secure a wide distribution for products which they purchase or handle on consignment.

Perishable and non-perishable products—Some products of the farm are termed non-perishable, and have a world-wide market. Wheat and cotton are types of such commodities. They are standardized, inspected, graded, warehoused, and traded in for future deliveries on the organized exchanges of the world. Other farm crops are highly perishable, have no foreign markets, and are not standardized or graded or warehoused. Ripe strawberries are an example of this type. Between these two extremes come various other types of perishables, semi-perishables,

semi-staples, and staples. Each type has its own marketing problem.

Pool—A combination of the returns from all sales by a cooperative association for a given period, each grade and variety by itself, previous to division among the members according to the amount, grade, and variety shipped during this period by each grower.

Price currents—Prevailing market quotations assembled and published daily by private firms or associations of market men.

Private exchanges—Distributing organizations incorporated as stock companies and operated for profit. They distribute car-lot shipments for individual shippers or producers' organizations, selling through salaried representatives or brokers.

Producer—A producer is a person, or group of persons, responsible for bringing into existence a product which is available for purchase or exchange.

Protest, acceptance under—Acceptance of a car by the consignee with the proviso that he reserves the right to enter claim later against the railroad.

Retailing—According to strict interpretation this term refers to sales made by the retailer. On large terminal markets, however, selling to the retail trade is popularly referred to as retailing.

Sale on joint account—A transaction or some particular undertaking by which two or more parties combine in contributing the necessary capital and services to buy and sell and share the profits or losses resulting therefrom.

Shipper—A shipper is a person, or group of persons, who deliver goods, in a quantity designated as a shipment to a common carrier, and receives therefor the carriers' receipt, generally called a "bill of lading."

Subject to confirmation—A sale not completed until the offer of the buyer is accepted by the shipper.

Terminal charge (auction)—A package charge levied on the buyers by some auctions. Supposed to help cover the expenses of opening the sample line for inspection and general expenses of the auction company.

Terminal market—A terminal market is a large, central market where supplies of agricultural products are customarily concentrated and from which smaller markets in the surrounding territory are generally supplied, or where shipments are concentrated for storage or export.

Track sales—Sales made of the goods in the car at point of origin or destination—customarily the latter.

Tramp cars—Cars loaded and shipped without sale or consignment.

Traveling buyers—Salaried representatives of individual wholesale produce houses or distributing agencies who move from district to district, as the season progresses, buying produce for their respective houses.

Warehouse certificates—Receipts issued by storage houses for goods in storage.

Wholesalers—A general and very loose term including practically all those in the distributing trade with the exception of the retailers. (See "Car-lot wholesalers.")—See sources, 11, p. 287.

Secretary Hoover Analyzes Wastes in Marketing—continued from p. 262

cept by government certification. A multitude of independent shippers cannot do it.

If we are to eliminate local gluts, famines, reconsignments—all of which entail waste and risk—we must develop a unity of control in the shipping of these commodities by which they can be supplied more directly to the markets as they are consumed. Any student of our present marketing can point out terminals every week where a surplus has been piled up through many independent agencies shooting at the same mark, and these parallel with famines in other markets. Cooperatives have hitherto been more largely concerned in the elimination of unnecessary links in the distribution chain than in the regulation of flow. There are some cooperatives, such as the citrus growers, who do regulate the flow, but even in this case there is no unity of action between California and Florida, and they repeatedly drown some market.

Our production in all perishables is greatly influenced by the season. Naturally we must maintain orchards, vineyards, gardens and dairy farms upon a basis that will supply us in average seasons. A good season brings overproduction and often enough, demoralization to the whole industry. Periodic overproduction spells ruin. I can see but one solution. The perishable production in excess of demand, or at least the inferior grades in such cases, should be converted into more permanent by-products and other outlets found.

But our greatest need is for a system that shall so move supplies from the producer to the consumer as to prevent local or momentary gluts and famines, with all their destructive influence. That is orderly marketing. Long-continued over-production has its own remedy and will take care of itself.

The Cooperative Movement in Foreign Countries—continued from p. 257

tural cooperative producers' organizations. In Freiburg in Baden the local consumers' and farmers' cooperative societies jointly operate a market where the local consumers can supply themselves with fruit and vegetables.

The factors which have contributed to the development of the cooperative movement vary in the different countries. It is generally recognized, however, that popular education and training in cooperative methods and principles, by means of systematic educational propaganda and through special schools established for this purpose, is the one agency which has been most fruitful throughout the world in causing the cooperative idea to take root and to prosper. Leaders of the cooperative

movement have time and again emphasized the fact that the best aid which the State is able to give to their cause consists in promoting the study of cooperation, its aims and agencies, but otherwise to allow it freedom to develop independently by its own initiative and through its own resources and agencies. Experience in the United Kingdom and in Continental European States shows that State aid along other lines has in the long run proved more of a hindrance than a benefit to the cooperative movement. In some of the newly formed states of Europe, where war had practically wiped out industry, there has been an exception to the principle of no state aid in the matter of reconstruction.

Pro—continued

HON. FRED S. PURNELL—continued from p. 275

agreement with the Federal Cooperative Marketing Board to submit semiannual reports of its financial condition and to have the board settle its disputes in respect of grades and condition of agricultural products and trade practices.

Opponents of this bill base their opposition upon the alleged belief that it will involve the Federal Government in the management of cooperative associations and destroy the cooperative movements in this country. If I shared in this belief I would oppose this measure as vigorously as I am supporting it. I believe the opposite is true. I firmly believe that this plan, if adopted, will serve as the first great step in helping the farmer organize his own marketing associations and through a Federal board of his own selection, run his own business. No one is more opposed to Federal domination in agricultural matters than I. This bill has been so framed as to have a minimum amount of Federal interference. The board created by the terms of this bill is calculated to help the farmer rather than dictate to him. It is his direct contact with the Government. The entire organization created under this bill is the very embodiment of the cooperative principle. Farmers can individually and collectively present their problems to their board and either get action or select others to represent them.—Extracts, see 8, p. 287.

LOUIS J. TABER—continued from p. 280

proper standards and proper methods. My idea is that [if this proposed marketing bill is passed] there will be no immediate benefit, but that in a period of years there will be great benefits to rural life.

We imported into America last year over \$800,000,000 worth of agricultural products, and the commission had in mind we might balance production in this country and produce at home some of this \$800,000,000 worth of products more profitably than we could produce some lines which now go into export. The first service this Federal marketing agency would perform would be through its direct advice and assistance to the local district cooperators. It would bring to the attention of the group or the various organizations, the markets available, and the sections where the crop is short. The first service it could render, then, probably would be assistance in more wise distribution. The second and very important agency would be to help in suggestions relative to handling the surplus. In the matter of grades and standards, there could be a definite effort made to keep all of a certain grade in the field if it did not pay to take them out.

This organization would have the advantage of being able to correlate the agencies of the whole Government, and bring to your little, smallest potato cooperative in the State information collected world wide from agricultural attaches abroad, from the Department of Commerce, information at hand from the Department of State, information available from other sources, and you could be advised whether it was better to let the potatoes rot in the field, the small ones, or do something else with them.

The Dairymen's League has done some of the finest work in the Nation in handling some of its surplus. It is now large enough that a Federal marketing agency such as we are suggesting might be of little assistance. Your little associations scattered from Maine to California—

Con—continued

HON. MEYER JACOBSTEIN—continued from p. 275

I call your attention to the work now being done by the Department of Agriculture in this matter. I have a bulletin entitled "The Agricultural Outlook for 1925." This is a very deliberate effort of an existing Government agency to guide the planter in an effort to secure intelligent coordination between production and distribution.

From this analysis it must be clear that this bill, which would set up new machinery, is unnecessary and wasteful of public funds. It creates a board with five members, each drawing \$10,000 a year. Experience shows that such boards are tempted to perpetuate themselves in power, whether they be needed or not. This is no time to be spending \$500,000 in the creation of a new board when an additional appropriation of perhaps \$150,000 to the Department of Agriculture would accomplish the same purpose without the dangers of an experiment.

I am convinced that the farmers are against this bill and the vicious principles in it. The "cooperatives" resent the idea of a board being set up by the Federal Government which might very readily assume the role of a dictator over cooperatives in the matter of policies vital to their very existence. Extracts, see 8, p. 287.

CHARLES W. HOLMAN—continued from p. 280

determine the right of cooperatives to exist, and to adopt their own plans to carry on their own business. Few cooperatives would be powerful enough to withstand a criticism by the Federal board of their methods, even though such criticism should be without real merit.

4. Power is given to the Federal Board to make rules and regulations to carry out the act. The extent and nature of such regulations are not specified in the bill. On the other hand the board is given power to impose penalties for violation of such rules and regulations, as well as to suspend or revoke the registration of any associations therefor. We believe that this delegation of power by Congress is unnecessary and unwarranted.

5. In the revision of the Capper-Volstead cooperative act, the bill, in section 5 of such revision, opens the door of the antitrust laws to combinations of distributors with cooperative associations and to the possibility of "dummy" cooperatives being operated for the purposes of and to the advantage of combinations of distributors.

6. In its present text the committee bill constitutes the beginning of a vast policy of Government regulation and supervision of agricultural cooperatives.—Extracts, see 8, p. 287.

would find this agency of real service. [In the case where] carloads of potatoes [are sent] from Minnesota to Ohio, there might be a dispute about grades. We have this agency set up, and if the cooperative was a member of the association there would be then a natural arbitration agency that would help and assist in seeing that the small association received the same benefits that the large associations like the Dairymen's League and other similar agencies could get out of their cooperative machinery.

The only purpose in the mind, I think, of every member of the commission, was to formulate a report that would embrace the essentials that, to our mind, were necessary, in order to make cooperative marketing of larger financial service to the plain farm folks of America.—Extracts, see 3, p. 287.

SOURCE MATERIAL

Sources from Which Material in This Number is Taken

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- 2—Address before the American Institute of Cooperation, University of Pennsylvania, Philadelphia, Pa., Aug. 3, 1925. (Proceedings in press.)
- 3—Hearings before the Committee on Agriculture of the House, 68th Congress, 2nd Session. Agricultural Relief-Serial CC Pt. 1-15, 599 pp.
- 4—Hearings before the Committee on Agriculture and Forestry of the Senate, 68th Congress, 2nd Session, on H. R. 12348—Federal Cooperative Marketing Board.
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- 6—Report to the President by the Agricultural Conference on Agricultural Legislation for submission to the 68th Congress, Jan. 28, 1925. (Mimeograph, 28 pp.)—Also Preliminary Report of the Agricultural Conference transmitted to the Congress on Jan. 28, 1925 by President Coolidge, 68th Congress, 2nd Session, Senate Document No. 190, 8 pp.
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- 11—Outlets and Methods of Sale for Shippers of Fruits and Vegetables. 28 pp.; Methods of Wholesale Distribution of Fruits and Vegetables on Large Markets. 28 pp.; U. S. Department of Agriculture. Bulletin Nos. 265-267; The Cooperative Marketing of Farm Products by O. B. Janssen, (1925).
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- International Review of Agricultural Economics. Monthly publication of the International Institute of Agriculture.
- Cooperation in Agriculture by G. Harold Powell. New York, Macmillan Co., 1913, 327 pp.
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- Marketing and Distribution. Part 4 of Report of the Joint Commission of Agricultural Inquiry. House Report No. 408, 67th Congress, 1st Session. 262 pp.
- Cooperation in Foreign Countries. Report of the Federal Trade Commission on Cooperation in Foreign Countries. Nov. 29, 1924, 202 pp. Price 25 cents.

Digest of Cooperative Marketing Bill

continued from page 269

assns, themselves in turn to associate for these new purposes and also for the old purposes found in sec. 1 of the present law. The present law permits assns. to "deal" in products of nonmembers and the bill clarifies this term by using the words "pool, process, prepare for market, store, handle, and market" instead of "deal" and thereby removes doubts as to the interpretation of such word. The amendment to the act which adds two new secs. after old sec. 2 of the act (which now becomes sec. 4) deals specifically with marketing agencies, dividing these into two classes—(1) those which are composed exclusively of Capper-Volstead assns. and/or their members, and (2) those which are not. The first group are only subject to the regulatory provisions of sec. 2 (sec. 4 in the Capper-Volstead Act as amended), while the second group are subject to the antitrust laws which are enumerated in sec. 6 of the Act, as amended. A marketing agency not composed exclusively of Capper-Volstead assns. and/or their members does not escape the antitrust laws because it happens to serve as an agency for one or more Capper-Volstead assns.

A Capper-Volstead assn. does not lose its exemption from antitrust laws by reason of the fact that it has as its marketing agent an individual, or a corporation, or association that is not exclusively composed of Capper-Volstead assns. and/or their members. However, it must, of course, be borne in mind that if a Capper-Volstead assn. becomes a member of a marketing assn. which has among its members other local cooperative assns. not qualified under the Capper-Volstead Act, any injunction proceeding, cease and desist order, or penalty under the antitrust laws against the marketing assn. will, of course, affect adversely the Capper-Volstead assn.'s interest in the marketing assn.—Extracts, see 7, Source Material.

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(Required by Act of Congress, August 24, 1912)

OF THE CONGRESSIONAL DIGEST, published monthly (except for months of July and August), at Washington, D. C., for October 1, 1925.

Before me, a Notary Public in and for the District of Columbia, City of Washington, personally appeared Alice Gram Robinson who, having been duly sworn according to law, deposes and says she is the Editor, Publisher and Owner of THE CONGRESSIONAL DIGEST and that the following is, to the best of her knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in Section 443, Postal Laws and Regulations, to-wit:

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